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REPORT

OF

THE INDIAN DELEGATION TO CHINA

ON

AGRARIAN CO-OPERATIVES

1441

1707

GOVERNMENT OF INDIA

PLANNING COMMISSION

NEW DELHI
May, 1957

Letter of transmittal

9, KOTAH HOUSE,
New Delhi, the 20th February, 1957.

My dear Shri Krishnamachari,

I present herewith the report of the Delegation which visited China and Japan for studying agrarian co-operatives.

2. While signing this report two members of the delegation have indicated that they would submit a minute of dissent. As soon as this is received I shall transmit it with a covering letter.

Yours sincerely,
(Sd.) R. K. PATIL.

Shri V. T. Krishnamachari,
Deputy Chairman,
Planning Commission,
Rashtrapati Bhavan,
New Delhi.

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CONVERSION FACTORS

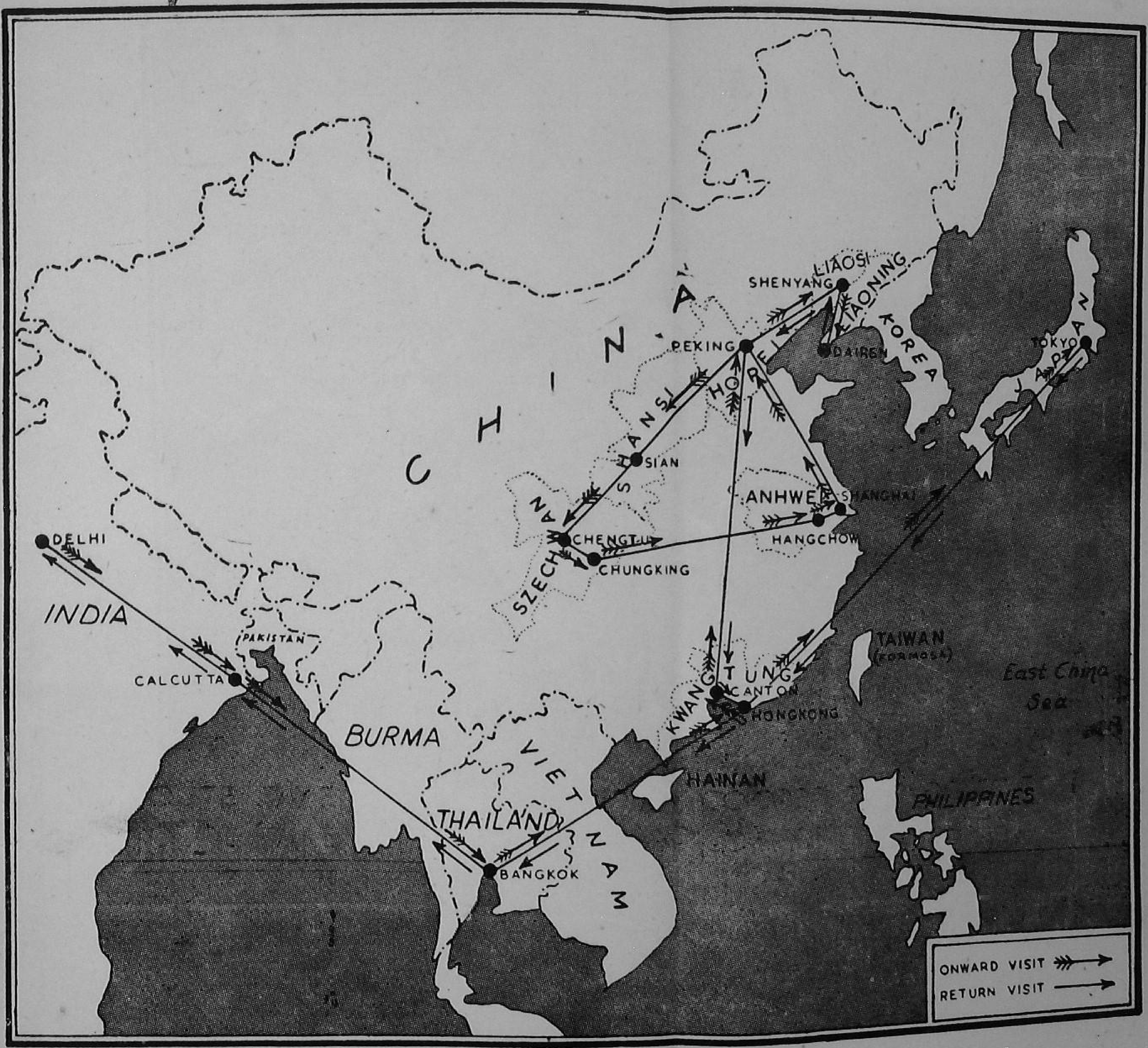
China

1 Mou	0·16 acres.
1 Catty	1·10 lbs.
1 Yuan	Rs. 2.

Japan

1 Tan	0·25 acres.
1 Koku of Brown Rice .	321·86 lbs.
75 Yen	Re. 1.

ROUTE TAKEN BY THE AGRARIAN CO-OPERATIVE DELEGATION TO CHINA AND JAPAN



PART I

INTRODUCTION AND TOUR IMPRESSIONS

CHAPTER I

INTRODUCTION

1.1. During Madame Sun Yat-sen's visit to India in December 1955, Prof. Chen Han-seng who accompanied her, met the Planning Commission and discussed with them the developments that had taken place in China in the field of Agrarian Co-operatives. As agricultural problems facing India and China are essentially similar, both countries having to maintain a large population on a relatively limited supply of land, the Planning Commission decided to send a team "to study in greater detail the methods adopted in China for developing agrarian co-operatives". The team consisted of—

(1) SHRI R. K. PATIL—LEADER.

(2) SHRI D. K. BOROOAH, *Member of Parliament*—MEMBER.

(3) SHRI H. V. TRIPATHI, *Member of Parliament*—MEMBER.

(4) SHRI H. D. MALAVIYA, *Secretary, Economic and Political Research Department, All India Congress Committee, New Delhi*—MEMBER.

(5) SHRI B. J. PATEL, *Hony. General Secretary, All India Co-operative Union, New Delhi*—MEMBER.

(6) SHRI F. N. RANA, I.A.S., *Registrar, Co-operative Societies, Bombay State, Poona*—MEMBER.

(7) SHRI M. P. BHARGAVA, *Co-operation Adviser, Ministry of Food & Agriculture*—MEMBER-SECRETARY.

Shri P. V. Rajnekar, Stenographer, accompanied the team throughout the tour.

Preliminary work in India

1.2. Before proceeding to China, the team met the Prime Minister, Finance Minister, Minister for Planning and Minister for Food and Agriculture and discussed with them the scope of the team's work. The leader also met the Deputy Chairman, Planning Commission. The team attended at Mussoorie from the 1st to 3rd July, 1956, the second conference of State Ministers of Co-operation in which problems of Co-operative Farming were discussed. Some members also visited a few Co-operative Farming Societies in U.P., Punjab, former Pepsu, Delhi, Bombay, Mysore and Madras and acquainted themselves with the working of these societies. During the course

of these tours, problems and difficulties of Co-operative Farming were gone into with the workers connected with such societies as well as the officers of the State Co-operative Departments. The team also held consultations with the other Indian Delegation which was proceeding to China just about the same time to make a special study of problems of agricultural planning and techniques.

1.3. We left Delhi on July 22, 1956, arrived in Canton on 24th July, 1956 and reached Peking on July 25, 1956. During our stay of two months in China, we saw in all 19 producers' co-operatives in the following 8 provinces of China:—

1. Liaoning.
2. Shensi.
3. Szechwan.
4. Kiangsu.
5. Chekiang.
6. Shanghai suburbs.
7. Hopei, and
8. Kwangtung.

Conditions of Enquiry

1.4. In this connection we feel it necessary to indicate how we conducted our enquiries so that readers may be able to draw conclusions about the scope and nature of our observations. Throughout our tour we were accompanied by the Deputy Director of Rural Section of the Central Committee of the Communist Party who had been detailed with the work of attending to our requirements. We found his presence helpful in understanding on the spot many matters which otherwise would have remained unexplained. At our request three interpreters were also attached so that we could work in groups. But at a very early stage, a few days after our arrival in Peking, the Indian Embassy kindly agreed to spare the services of Mr. Roger Lee, their Chinese interpreter, who was with us throughout our tour except the four days that we spent in Canton. On him fell almost the whole brunt of interpretation and we were satisfied with his performance. While interpretation itself is a handicap in ascertaining facts and the state of mental feeling, we feel that, with the unavoidable necessity of an interpreter, we could not have had better arrangements.

1.5. A tentative tour programme was suggested to us by the Chinese, but it was later modified in consultation with us. It was mentioned to us by friends whom we consulted that we should visit

Szechwan province, which was the last to be liberated, and where conditions were similar to those of India. Besides, the original programme contained a visit to some societies whose accounts we had previously read and which we felt, had become show-pieces. Visits to these Societies were, therefore, dropped. We also requested our Chinese hosts to include some places in the programme in respect of which there were some previous case-studies, so that we could make a comparison between conditions then and now. We noticed no difficulty on the part of the Chinese in agreeing to these requests. Although we were dependent on the Chinese for the selection of the co-operatives, we also had an opportunity of comparing notes with the delegation from India on Agricultural Planning and techniques. At about the same time, a delegation from Yugoslavia had come to China for studying agrarian co-operatives. We met them also. In the light of this background we feel that we have seen a fair cross-section of representative co-operatives in China, good, bad and average.

1.6. At each Provincial headquarters, we used to have a talk first with officer-in-charge of agrarian co-operatives, and it was only thereafter that co-operatives for our visit were selected. Our enquiries were conducted either in a school building or the office of the co-operative; generally the principal office-bearers of co-operatives used to be present, and our information was obtained from these people. Only once we went to a co-operative outside our programme. This was when we had a forced halt at Sian. We went into the school, and the whole village gathered around us.

1.7. Our method of enquiry was first to let the chairman give us the history of his co-operative; after putting a few questions, we used to break into groups, each group had some interpreter, and the group confined the enquiry to one particular aspect, *e.g.*, production, land reform, credit, organisation, etc. Apart from talking with the office-bearers and other members, we talked to individual farmers who had not joined the co-operative, a farmer who had first joined and later left it and *ex*-landlords who had joined the co-operative. We went into the houses of the people and talked to them. We stayed overnight in a co-operative and a county headquarters, and tried to ascertain the atmosphere of the crowds who gathered around us. We questioned people from different walks of life with whom we came in contact.

1.8. We met the leaders of the teams and groups, saw the members at work and discussed the methods of organization and management;

but we have not been able to observe the detailed day to day working in the co-operatives which alone can give a clear idea of the human relations subsisting among members and the management. This would have required a rather prolonged halt in one co-operative, and prevented our seeing co-operatives in different parts of China. A more intimate acquaintance with the working of the co-operatives can only be had, if a person has a chance to observe all the work-processes in a co-operative for a month or so. It was not possible for us to do this.

1.9. The Chinese authorities at all levels, were most cordial and friendly and did their best to facilitate our work. Information asked for was collected and supplied. Questions raised were freely answered and we did not notice any tendency to hold back information or other material. On the other hand, there was a genuine desire to help us in getting facts and figures, which would be relevant to our study.

1.10. In Peking, we were received by Prime Minister of China, Mr. Chou En-lai twice, the first time for two and a half hours on 17th August, 1956 along with the members of the Agricultural Planning Delegation, and the second time for one hour on September 18, 1956. The Vice-Premier, Mr. Teng Tze-hui, spent one and a half hours with us separately. Minister for Agriculture Mr. Liao Lu-yen spared in all nearly 18 hours for discussing the various problems on different occasions. We had long talks with other workers holding important positions in various branches of Government or party or co-operative organisation. Similarly, at provincial headquarters. Deputy Governors, officers of Agriculture and other Departments and office bearers of co-operatives at times put themselves to considerable inconvenience to explain to us the developments that had taken place and the nature of work that they were doing.

Acknowledgement

1.11. The members of the team would like to express their gratitude to the Government of China, their Prime Minister, Vice-Premier Mr. Teng Tzu-hui, Agriculture Minister and other Ministers, officials of Central and Provincial Governments, leaders and members of co-operatives and other institutions for the ungrudging help extended to them.

1.12. The programme drawn up could be completed satisfactorily and according to schedule due to the care exercised and assistance rendered at every stage by the liaison staff attached to us by the

Government of China. To the leader of this staff, Mr. Chiang Wei-chung, Secretary Madame Kan Lii, and the interpreters, the team is most obliged. The staff of the Indian Embassy, and particularly the Ambassador, Shri R. K. Nehru, were always ready and willing to help.

Work in Japan

1.13. After completing the tour of China, the team left Canton on 25th September, 1956. Just before departure, the team had received instructions from the Planning Commission to proceed to Japan. The programme was accordingly arranged and the team reached Tokyo on the 28th September, 1956. During the course of its stay in Japan, the team visited two prefectures, *viz.*, Tochigi and Nagano, three primary multi-purpose co-operative societies and two pre-fectural federations. In Tokyo, discussions were held with the officers of the Ministry of Agriculture, National Research Centre for Agricultural Economics and the various national co-operative organisations, which included Central Union of Agricultural Co-operation, Marketing Federation, Purchase Federation and Central Bank.

1.14. The programme in Japan was arranged with the help of Asia Kyo Kai, which also furnished the interpreters. The difficulty of the language was, however, not so serious in Japan as in China. We are thankful to the Government of Japan and the office bearers of co-operatives who extended to us all facilities. Special thanks are due to the officers of the Asia Kyo Kai.

1.15. The team left Japan on the 16th October, 1956 and returned to India on the 22nd October, 1956 after stopping over at Bangkok from the 17th to the 21st October.

1.16. The team wants to place on record its sense of appreciation of the help it has received all along from its Member Secretary Shri M. P. Bhargava. The team also wishes to acknowledge with thanks the help that it has received in the preparation of the report from Shri A. N. Seth of the Planning Commission.

CHAPTER II

TOUR AND GENERAL IMPRESSIONS

Border to Canton

2.1. We left New Delhi in the morning of 22nd July, 1956 and landed on the Chinese soil on 24th July after crossing the railway bridge which separates the Hongkong area from the main land of China. Madame Sue of the Technical Co-operation Department of Peking and an officer of the Agricultural Bureau of Canton had come to receive us. Our first experience of Chinese railway travel was not very impressive. In-coming passengers were not allowed to come on the platform till all the out-going passengers had departed. We were informed that issue of tickets was regulated so that there was no danger of over-crowding in trains. This particular train was rather slow and the loud speaker was continuously used for entertainment and giving instructions to passengers. There was a good sprinkling of women passengers. We reached Canton in the afternoon and were driven to a hotel. With its population of about 15 lakhs, Canton would be a city as large as Delhi. In the evening, during a round of the city, we were taken to the Sun Yat-sen memorial theatre and a newly built stadium. There was something missing in the streets and we soon realised that this was motor traffic; for, besides the cavalcade of our cars, we hardly saw half a dozen of them throughout our journey of a couple of hours. The same experience was repeated in other cities of China, *e.g.*, Shenyang, Dairen, Chungking, Sian, Hangchow. Comparatively more cars were noticed in Peking and Shanghai. We were told that private ownership of cars was rare. Generally, only the higher officers used cars and for public purposes only. Our first impression of the city was that there were not so many gradations among the people as we are used to in India. The dress of the people appeared to be more uniform but the buildings in the city exhibited a poorer appearance than any Indian city of that size.

In Peking

2.2. We reached Peking on 25th July in the afternoon. The Vice-Minister for Agriculture and our Ambassador in Peking, Shri Nehru, received us. The next week was spent in Peking contacting Ministers, heads of different Departments, with a view to acquaint ourselves with the various administrative matters connected with our study. Very early in the course of our discussions, the part which the Communist Party of China played in the rapid economic

development, was brought home to us. We met a few non-communists and even they were free with their praise of the achievements of the Communist Party and how their cadres not only organised different activities but also set examples of correct behaviour to the general people. As an example of the former, we were informed how the street cleaning in China was organised by the Communist Party. Every house holder of a particular street was allotted the task of cleaning the street in front of his house, all the sweepings were collected regularly by turns and deposited in an appropriate place from where the municipal van removed them to the refuge dump.

2.3. Salaries in China are not only lower than in India, but the difference between the lowest and the highest did not exceed 20 times. Except for a few high level experts and certain artists and technicians, the maximum salary is 600 yuan (Rs. 1,200) drawn by Chairman Mao Tse-tung which compares unfavourably with the salaries paid in India. The minimum was 30 yuan (Rs. 60), but we were told that recently there had been a rise in the salaries of the lower grades and the minimum has been raised to 40 yuan (Rs. 80). During our stay we had also some idea of the close relationship between the Government and the Chinese Communist Party. The Minister of Agriculture was good enough to spend one whole day with us and after giving a very informative and interesting talk, also answered a number of questions. We had discussions with the Women's Democratic League and the Youth League. Evenings and our spare time were utilised in visiting places of interest in the city. Considering its premier position in China as capital of an ancient country with such a long history, the city of Peking presents a poor appearance except for the magnificent parts of the Forbidden City. This was perhaps because of an edict issued by an Emperor that no house in the city should have a storey, but even this did not explain the dismal grey exterior of the houses. But a new city of Peking is taking its rise and everywhere we saw evidence of immense building activity. We visited the Summer Palace and the Forbidden City. The former was the summer residence of the Emperors of China. It is now a holiday resort and being within a few miles from the city of Peking it is frequently visited by sight seers. The Forbidden City was the Imperial Palace. It came to be known as a 'forbidden city' on account of the surrounding wall which shrouded in secrecy the happenings inside. The palace is now used as a museum and provides location for various gifts presented to the Chinese people by other nations of the world.

2.4. We also visited the Chinese Opera and an exhibition of Chinese acrobatics. Our interpreters tried to explain to us the main theme and the various scenes in the opera. What struck us in the theatre was the sight of a labourer in tattered clothes occupying one of the front seats in the first row. Wherever we went in China, we noticed small differences in the purchasing capacity of the different strata of society. The women also appeared to play a very prominent part in public life. We saw them working on trams, in offices. as interpreters, as well as in such hard and heavy occupations as pulling bullock carts and rowing barges. They appeared to go about their daily life without a feeling of self-consciousness which usually affects women in other countries. They did not appear to be very particular about their dress and were less sex conscious. All this development has been of recent growth, for we were told that before the Liberation, the women of China were particularly backward.

Co-operatives in Liaoning Province

2.5. We left Peking on the 3rd of August for the Liaoning Province of the north-east. Our experience of this journey was different, the train was more comfortable and very fast. The 640 miles from Peking to Shenyang were covered in 14 hours. At the end of the train was a lounge and recreation room for all passengers. Magazines and indoor games were provided and a very good rear view through the glass panes was available. The city of Shenyang, which we reached in the morning, was quite a contrast to the other two cities, Canton and Peking, we had seen hitherto. Shenyang was well laid out with modern buildings and the city appeared richer and more prosperous than Peking. The next day in the afternoon we had our first visit to a Chinese co-operative. It was a vegetable co-operative about ten miles away from the city. The co-operative appeared very flourishing and had evolved as many as 1,000 norms by which they judged the performance of workers. The co-operative had been in existence for about 3 years and during this period, it had not only increased the level of earnings but also had provided a number of amenities to members. There was a hostel for young girls, a creche for children, a recreation room and a band-set for the youth league. The chairman appeared to be a man of great capacity. The first Chinese co-operative and its leadership indeed made a good impression on us.

2.6. We were in the Liaoning Province up to the 13th August, and within this period we saw the cities of Shenyang and Dairen

and visited five co-operatives. This province is in the north-east of China and grows maize, kaoling (a kind of Jawar), soya bean, wheat and a little rice. Rainfall is about 30 inches and agricultural conditions correspond somewhat to those of western-India. The crops had an excellent stand and a far greater uniformity than our crops. The land reforms and the co-operative movement in this area had an earlier start than in Central and South China and, therefore, the Co-operative movement appeared comparatively well-developed. The co-operatives were large in size, generally there being one co-operative for one hsiang. The main items of agricultural improvement in the area were increasing irrigation facilities, converting areas under maize and jowar to rice and jowar to maize, using new agricultural implements and introduction of new agricultural practices. The members appeared to have taken an enthusiastic and active part in increasing production and we were given glowing accounts of the keen interest displayed all round to help the co-operatives to increase production. Urban workers in the city of Shenyang organised teams to set up pump sets on wells in the rural areas and artisans gave demonstrations in well digging to representative people from co-operatives who later on dug wells themselves in their own villages.

2.7. We went into the houses of individual members of co-operatives to have an idea of their standard of living and the organisation of their life. The people appeared to be happy and contented and co-operatives have enabled them to have newspapers, postal service, recreational facilities and other amenities of life. There was no source of pure water supply in the villages. Many wells were flush with the ground and the water supply was contaminated. It appeared to us that in the matter of various community services like roads, dispensaries, schools, sarais, etc., the conditions in our rural areas are much better. The Chinese explained that it was their policy to concentrate first on increasing the income of the members of the co-operatives and only after the people had got confidence in the co-operatives, would they think of making them pay for these facilities. The Chinese idea is to finance amenities from increased incomes.

2.8. Every family in the co-operative had been allotted a small plot of land close to their house for vegetable cultivation. If there was no suitable land near the house, a piece of land in the fields close to the village site was given. This appeared to be the general system in all the co-operatives. These plots were very carefully

and intensively cultivated and it was a treat to see many of them growing a rich crop of vegetables.

2.9. There was no regular arrangement in the village for the disposal of night soil on a community basis. Each house-hold had a small enclosure which was used for this purpose and after a week or so, the night soil was removed and stored for manure or applied directly to the crops. We must give full credit to the Chinese for the use of this resource as manure, but there is nothing that we can take or learn from them in their system of collection and storage of night soil. India must evolve her own methods for the purpose, indeed the methods already known, *e.g.*, the trench and gopuri latrines are better.

2.10. Before we left the province we had a detailed discussion with the Director of Agriculture on his administrative organisation and we were impressed with his intelligence, ability and executive capacity. In spite of this, he was extremely modest in his attitude. He asked us about the drawbacks we noticed in his administration and the suggestions we had for its improvement. We received similar requests even from the Minister for Agriculture and the Prime Minister.

2.11. This appears to be a common trait which was noticed wherever we went. Everybody whom we talked to, whatever his position whether he was a Minister for Agriculture or a Chairman of a co-operative, would invariably end his talk with a request to inform them of their shortcomings and make suggestions for improvement. They would add that they are not yet sufficiently experienced in the art of administration and being new to the job, they were likely to make mistakes. But for its frequency, we appreciated greatly this attitude of modesty and self-criticism which, we understand, was one of the main principles of Marxism and Leninism.

Our first Interview with Prime Minister

2.12. We returned to Peking on the 14th August, 1956. This was our second halt in Peking and during this stay we compared notes with the other delegation on planning and techniques which also reached Peking from their tour on the same date. Much of our observations seemed to be similar and we had general confirmation of evaluation of the co-operatives in the north-east from the

experience narrated by members of the other delegation who had seen co-operative societies in the east and west.

2.13. On the 17th afternoon we had an interview with Mr. Chou En-lai, Chinese Prime Minister along with the members of the Indian Delegation on Agricultural Planning and Techniques. After the preliminary formalities the Chinese Prime Minister went on to explain the role of co-operatives in their economic development. Though they had a vast area of unreclaimed land, which could be brought under cultivation, it was very expensive to do so, as it costs nearly Rs. 100 to reclaim one acre of land. Therefore, they had to rely on the existing area only, for increasing production and that could be done only by intensive cultivation. Their experience of the co-operatives indicated that they were successful in this and in their Second Five Year Plan they expected that their present rate of increase in agricultural production, which was about 4·3 per cent. now, would be doubled.

2.14. As for the possibility of mechanisation, that would take a long time, and at the present moment, increase in production would be almost wholly by intensive cultivation. There was evidence that in China on account of the cheapness of labour, mechanisation increased costs of production. And, they had to import fuel, spare parts, etc., which added to the cost. In the West mechanisation of Agriculture developed because of the shortage of labour. In China such a situation was unlikely to happen. At this stage it was pointed out that while mechanisation helped to increase production per man engaged in agriculture, it did not necessarily help to increase production per acre and therefore, under conditions of heavy population pressure as in China, mechanisation could be of doubtful value. The Chinese Prime Minister said that such an argument could not be understood in the West but could be very well appreciated in China and Japan. This was not to belittle the importance of mechanisation. Mechanisation was important, he said, and it would be gradually introduced but under the Chinese conditions it had limited application.

2.15. The question then arose whether in view of the heavy population pressure in the countries of the East, they could ever attain the level of economic development which the Western countries have achieved. The Prime Minister indicated that it would take a few five year plans for China to reach a fair level of development but they could never hope to reach the standards achieved in the West.

2.16. From the population question, the talk turned to family planning. One of the members of the other team explained what was being done in this respect in India. We had heard previously that the Chinese actually welcomed increase in population and were not worried about large numbers. Mr. Attlee's impression following his visit to China, had been reported as follows:—

"The attitude of the Chinese Government on the question of population appeared to be that increase of population was in itself a good thing. When questioned on the pressure of population on the means of subsistence, they said that there was still much undeveloped land. When it was pointed out that this was a short-term answer, and when the experience of other nations, India for instance, was quoted, they said that what was required was more productivity.

"When it was suggested that the important thing was the relationship between production and the number of consumers, and that what was desirable was a higher standard of life, they could give no effective reply, except to say that China regarded a large population as desirable, as tending to increase the production of commodities.

"I think that the real reason for this is that China being admittedly a backward country, hopes to make up in quantity what it lacks in quality, in order to achieve a position of power in the world. This is a disturbing thought." But we were agreeably surprised to find the Chinese Prime Minister interested in Family Planning and when he heard of what had been done in India in this regard, he even suggested that a women's delegation* from China could go to India and study this question.

2.17. The question then arose about the appropriate size of a co-operative farming society which, while providing all the economies and advantages of a large-sized society, would also not be so large as to weaken considerably the sense of participation of the members. During our visit to the north-east province, we had seen 'The Road to Happiness' co-operative which comprised of 985 families with a total population of 4,990. All the member families elected a representative body of 111 members who constituted the general body. This had very considerably reduced the chances of participation for a large number of its members, and such a tendency was not desirable. Prime Minister Chou En-lai indicated that the question

*The Women's Delegation has since visited India and some of its members.

was not free from difficulties and they had not yet arrived at any general conclusion about the appropriate size of a society. Conditions would differ from tract to tract and what was an appropriate size in one area may be too large or too small in another. A great deal would depend also on the nature of the leadership. He said that they were studying the question and obviously a very large society would be inefficient and cause difficulties in working. In this connection he referred to one of the Deputies of the National Peoples' Congress being associated with a co-operative society which had a membership of 25,000. He was wondering how such a society could possibly run smoothly. He felt that it would be easier to run even a concern like the Anshan Iron and Steel Works than such a co-operative. He, therefore, sent a team to investigate and he got a report that the co-operative was working satisfactorily because all its members were interested in a common soil conservation project.

2.18. The Chinese Prime Minister pointed out that it was wrong to suppose that whatever the Chinese Government was doing was correct. And frequently the Government in its enthusiasm took steps which they had to retrace after experience. He mentioned the case of double-wheeled and double-bladed ploughs, which the Agriculture Department was anxious to propagate in China. About 150,000 ploughs were already in use. The Department wanted to step up this number to 5 million. After a good deal of discussion it was decided to have a programme for 2·5 million ploughs. In their enthusiasm the Ministry actually sold one million ploughs and the co-operatives bought them. But some co-operatives found that they were not quite suited to their conditions, and buffaloes were not able to draw them. The result was that many co-operatives who had purchased the ploughs had no use for them and the Government had to withdraw them.

2.19. As we were leaving, the Chinese Prime Minister indicated that we should meet him again after the tour of the co-operatives and then we should be in a better position to offer suggestions for their improvement. He said that visitors only showered praises which made them complacent and gave no indication of their drawbacks. He felt that because of a sense of hesitation visitors failed to criticise though they became aware of their drawbacks and could make suggestions for improvement. He, therefore, suggested that the next time we met it was for us to do the talking and we should unhesitatingly indicate to him what in our view were the shortcomings of the co-operatives.

Forced halt at Sian

2.20. The next morning we left by air to study the co-operatives in the Szechwan province but our plane was held up at Sian as weather conditions were not considered safe to cross the Tsin Ling, a range of mountains with an elevation of 10,000 feet. We had, therefore, to make an enforced halt at Sian which we utilised in visiting the Hsuan Chuang memorial and seeing a co-operative without previous notice. During our visits to the first two or three co-operatives in the north-east, large crowds used to gather to see us but later on this tendency ceased. On this occasion, a big crowd gathered. We noticed that all the young men and women were using rubber boots. It was the rainy season and it is a practice in China to put on rubber boots during this season, but the old men had shoes made of fibre or wood. After our enquiries were finished we put a question to them if they really liked to be in the co-operative and they all responded in the affirmative.

In Szechwan Province

2.21. The next morning we reached Chengtu, the capital of Szechwan province. Our reception here was somewhat unusual for the young girls who received us were dressed in attractive costumes with a liberal amount of make-up. This was rather an unusual sight for us in China, and we jocularly remarked to our Chinese companions that perhaps even in this regard, the Chinese woman would not lag behind her western sister.

2.22. This province is known as the Rice-Bowl of China and as it seldom snows in this area, crops can be grown all the year round. Two-rice crops are common but now they were taking a third crop in addition to the two-rice crops. The area within a radius of about 40 miles from Chengtu, is irrigated from a very ancient irrigation system which dates back to 2,200 years and was built by Li Ping and his son Erwang. In the mountains the Min is a torrential yet over-loaded stream, choked with boulders and gravel. With lessened velocity across the plain, the water is unable to carry the mountain-derived sediment, so that deposition occurs and the channels become filled with sediment. Li Ping recognised this problem of silting and gave careful instructions that the accumulated debris should be removed each winter. Overlooking the head of the canal system is a temple to his memory where are enshrined these words, Shen tao tan, ti tso yen, "Dig the channel deep, keep the spillway low". Without this practice, the streams and canals would steadily build up their beds and floods would overtop the banks. The grateful

people erected a big temple to Li Ping and his son. There is a small museum attached to the temple indicating the methods followed by Li Ping in diverting the course of the river.

2.23. This irrigation system provides perennial irrigation and enables the area to grow all crops throughout the year. Because of this, the scope for increased irrigation and land-development based on irrigation is non-existent. The co-operatives in this area, therefore, concentrated on improving agricultural techniques, growing more than two crops and providing more manure and fertiliser. The pressure on land is also very high, the *per capita* land availability being one mou as against three in the north-east. Therefore, subsidiary occupations played a more important part in agrarian co-operatives in this tract. Subsidiary occupations practised were carpentry, brick and tile making, processing soya beans, in addition to piggeries and poultry. Some co-operatives had taken advantage of the flow of water to run water mills for processing rice. One co-operative had also set up a small electricity generating plant run on water power. The Szechwan province is cut off from the rest of China by a ring of mountains and until lately, communications in this tract were very poor. Marketing was, therefore, a problem and prices were very much lower compared to Peking and Shanghai. The Chinese Government have now put up a railway connecting Chengtu with Chungking. This railway provides an outlet for the agricultural produce of this tract and will bring prosperity to the area. The Vice-Mayor of Chengtu told us how the people of this area had been looking forward to this railway. A large amount of public money had also been collected for the purpose and made over to the Chiang Kai-shek Government for the purpose of constructing a railway, but that Government had misused the money and the people were very happy that the present Government had redeemed that old promise.

2.24. This province was the last to come under Communist rule being cut off from the rest of China and lacking proper communications. It remained comparatively uninfluenced by occurrences in the rest of China. The landlord system, therefore, developed here undisturbed by outside authority or influence and was the most oppressive in China. The landlords held large areas. Their big mansions appeared here and there amidst the straggling huts of a poor peasantry. We went to a co-operative in Anjen country where the chief landlord was General Liu. Here, for the first time, we heard about difficult life of the peasantry under the old regime. They were entirely at the mercy of the landlords who charged

exorbitant rents and dealt, as they liked, with peasant women-folk. Here also, we heard for the first time about the accusation meetings and how the worst landlords had been publicly executed.

2.25. Being the last to be liberated, the development of the co-operative movement in this province was comparatively slow and retarded. The mutual-aid team stage lasted for two to three years and at the time of our visit a great majority of the peasants were still in co-operatives of the primary type. Here, the size of co-operatives was much smaller than in the north-east. There was ordinarily, one co-operative for one Hsiang in the north-east. Here there were 10 to 12, the average area of a co-operative being only 100 acres as against a thousand acres in the north-east.

2.26. We were greatly impressed with the leadership of some of the co-operatives which we saw here. One chairman was a delegate of the National People Congress at Peking. Another young girl of about 23 showed capacity for organisation and leadership. During the land reform period, the area must have been greatly disturbed, but now it appeared well settled and all the people were working quietly and peacefully.

2.27. On the last day of our stay in Chengtu we studied the co-operative organisation of some cottage industries. We noticed beautiful patterns and designs woven in silk.

In Shanghai Area

2.28. After staying for a day at Chungking, we reached Shanghai on the 20th. We spent two days in seeing the co-operatives in the suburban areas of Shanghai and another two days in the co-operatives in the neighbouring Kiangsu province. Shanghai is the largest city in China. Before liberation, it was notorious for its night-clubs, gangsters and prostitutes; today Shanghai has been rid of all these vices and even an unescorted woman feels free to move about in the streets at any hour of the night.

2.29. Co-operatives around Shanghai grow mainly vegetables and cotton. We were informed that formerly, only 25 per cent. of the vegetable requirements of the city of Shanghai used to be supplied by the surrounding cultivators; the balance came from longer distances. Now, however, the co-operatives around Shanghai supply about 75 per cent. of its requirements. Similarly, the cotton production had registered a tremendous increase, the production having gone up by more than 300 per cent. over the pre-liberation figure. Of course, this has occurred over a comparatively small area comprising a few lakh acres around Shanghai. We were informed that

the increase in cotton was due mainly to the use of better seeds, earlier planting and the use of insecticides. Both cotton and vegetables benefited largely from the supply of increased quantities of garbage which was formerly thrown into the sea. It is now taken by the co-operatives along with the nightsoil, is converted into compost and used as manure.

2.30. In the Kiangsu province, we visited a co-operative whose president Mr. Chen Yung-kang, was a remarkable man. He had evolved a new variety of rice and a new method of transplanting rice. Both these had been so successful, that they were taken up by the surrounding cultivators and also by the Agricultural Department for propagation elsewhere. The name of his variety was Lao Lai-ching (green at old age). His was a model co-operative and was an example of what experienced farmers could contribute to the extension of sound agricultural practices.

In Chekiang Province

2.31. We left Shanghai on the 2nd afternoon and reached Hangchow the same evening. The city of Hangchow is situated in what may be called the lake district of China. The city is on the banks of a big lake which is flanked by series of hills presenting a beautiful appearance. Hangchow is also famous as the place where the first Budhists from India, took their abode in China.

2.32. In this area, we had the first opportunity of seeing co-operatives grow crops like tea, jute and silk. We were informed that since quality fetches a high premium it is easier to organise co-operatives for commercial crops. The growing of commercial crops provides also a good deal of subsidiary employment. Unlike India, the curing of tea is a cottage industry in China.

Raw silk is sold in the form of cocoons and reeling of silk, as a cottage industry, was not prevalent in the area. Because of commercial crops the co-operatives round about appear to be thriving and doing better than co-operatives which raised mainly food crops.

2.33. During our visit to one of these co-operatives, we were given a demonstration of how silt is taken out from canal bed and put into the fields as basic manure. The first step is to take out the silt from the canal bed and deposit it in canoes. The canoe is brought to the bank and the silt is transported in buckets carried on human shoulders, the cost of the manuring varying with the distance of the field from the canal bank. It is a heavy work. Physical labour is, however, no consideration to the Chinese when it came to such an important matter as manuring their fields.

2.34. We spent a day in seeing the beauty spots around Hangchow. We also saw an old Buddha temple being repaired. The Government had found the money for the repair of old temples though modern China appears to have ceased frequenting them. Traditional religion appears to have lost the pride of place it had in the rural life. We returned to Shanghai on the 7th and left for Peking on the 8th.

Our Second Interview with Prime Minister

2.35. During our stay in Peking we met the Prime Minister for the second time on 18th September 1956 at about 10-30 in the night. The interview lasted for about two hours. The Prime Minister called upon us to narrate our experiences of the co-operatives and indicate to him their shortcomings. We mentioned to him that for lack of sufficient animal power Chinese agriculture relied mainly on human labour even for such operations as could be more efficiently done by animal power. We felt that a more liberal use of animal power in Chinese Agriculture could also help in reducing the drudgery of the farmers. There would also be some other advantages. China produced very little milk and Chinese diet was deficient on that account. If dual purpose cattle could be introduced, China would have not only increased milk supply but have also more cattle for agricultural operations. Animal drawn implements would be more efficient and time-saving and would help to increase production. Introduction of new implements in Chinese farming would be facilitated. It was also indicated that as the Chinese had no inhibitions about eating beaf they would not be faced with the problem of useless cattle which we had in India. The talk then turned to the draining of low-lying areas which get flooded with water in rainy season. The Chinese Prime Minister asked if we had worked out in India a programme for draining such areas to make them fit for cultivation. We said that we had no such programme on any large scale but there were schemes for draining of small areas. In this connection we mentioned that certain areas in Assam raised a particular kind of paddy called 'boro' paddy which grew in flooded fields. The paddy grows with the rise in the water level provided the rise is gradual. The crop fails if the fields get flooded all of a sudden. The Chinese Prime Minister said that he would bring all these facts to the notice of the agricultural team which was visiting India. He pointed out in the end that the Chinese were undertaking a programme of consolidating the co-operatives, and that this would be their main task in the coming years.

Kwantung Province

2.36. After spending about 10 days in a final round of discussions, we left Peking for Canton on the 20th. In Canton, we saw a fertiliser factory which used the city garbage and nightsoil as raw-materials. The manager was a middle-aged woman who informed us that the Russians had given technical assistance in setting up the factory and streamlining the production processes. The factory is situated on the river bank and nightsoil and garbage are transported to the factory from Canton in barges. The garbage is spread on the ground in a thick layer on which a thin cover of nightsoil is spread. Then another layer of garbage and a thin layer of nightsoil are put on and so the stack rises to about 9 to 10 feet above the ground. A small opening is kept in the stack to facilitate fermentation. Within about 4 to 6 weeks the garbage is digested; it is then dried and put through a sieve. The sieve stuff is mixed with ammonium sulphate and calcium super-phosphate, sprinkled with water and pressed through machine so that it comes out in the form of granules. It is dried and then sold in the market. It is known as a granulated manure. Granulated manure is very popular with the cultivators who feel that it has a good deal of residuary effect which lasts for 2 to 3 years.

2.37. We spent two days in Turshan county to examine the advantages of mechanical cultivation and line-sowing in the case of paddy. The Chinese are experimenting with tractor ploughing of paddy fields. Their first experiments are promising and show that ploughing of rice fields by tractors is a possibility. These experiments have some significance in China where bullock power is in short supply. The experiment of line-sowing of rice required less labour and gave better yields. The time and labour taken in transplanting operation is saved and, according to the Director of the Research Station, sufficient data had been collected for trying out the results under field conditions. Our Agricultural Scientists might consider if there is scope for conducting such experiments here.

2.38. Chinese society appears to us to be economically more even and socially better integrated than ours. The difference between the rich and the poor is much less than in India. There are no caste distinctions. Women have been emancipated and are taking their rightful place with men in national development. In fact the emancipation of women and their advance has been a very striking feature of the Chinese revolution. The rural people have enough to eat, though they are austerely clothed. The shops in China do not appear to be so well-stocked as we notice in India and the trade activity appears to be less than here. There is one price in all the shops and there is

no bargaining or haggling. House rents in China are remarkably low. Our interpreters told us that though they drew about 70 yen as salary, they had just to pay one yuan or two per month for lodging in a boarding house. Food is cheap and costs about the same as in India but cloth, shoes and other articles of daily use are more costly. People in China appear to be contented and there is a conviction in their mind that the nation is progressing on right lines.

2.39. Reliance on local material and tendency to be austere appeared to us to be the striking features of the Chinese country side. There is scarcity of cattle in China and consequently of leather. But the deficiency is made up not by importing leather, or shoes, but by manufacturing shoes from waste cloth. We saw a factory producing such shoes. We think such production is possible in India also and such shoes would be good substitutes for the rubber soled shoes so common here. The Chinese umbrellas are made of oil coated thick paper, which is mounted on bamboo sticks and a bamboo holder completes the umbrella. Many such instances could be given of the resourcefulness and the adaptability of the Chinese.

In Japan

2.40. We reached Hongkong on the 25th and left for Tokyo on the 28th where we reached the same night. There was considerable difference in the facilities that we received for study in China and Japan. In China, the responsibility for giving us all facilities was on the Chinese Government and they left no stone unturned in seeing that our requirements were fully met. In Japan, the Asia Kyokai afforded us all the facilities which we needed. They gave us interpreters, arranged for our tour and indicated to us where we should go and what we should see.

2.41. The conditions in Japan present a marked contrast to those in China and India. Japan is a well-developed nation with a great volume of industrial production. The development of Tokyo city reminded many of us of the city of London. Japan has the appearance of a western nation. Its industrial production and trade have also the same characteristics. Japanese shops seem to be full of goods in refreshing contrast to the conditions in China and India. There is a heavy traffic on the roads as well as on the trains.

2.42. On the very next day of our visit, we had an experience of a Japanese earthquake at breakfast. Suddenly, there was a rumbling noise and the walls started shaking. Partitions in the dining room fell and everybody ran for shelter. The shock must have lasted for a minute.

2.43. While outwardly Japan has a western look, their houses continue to be decorated and furnished in Japanese style. The women of Japan are very much westernised, but perhaps not so much emancipated as their Chinese sisters. The practice of visiting temples in the morning is fairly common in the rural areas of Japan.

2.44. Agricultural production in Japan is very much developed. The rice production is the highest in Asia and every bit of land which can be cultivated, is under crops. Of late, cattle breeding and dairy products have also registered considerable increase and of all the countries to the east of India, milk and milk products are the most plentiful in Japan. Horticulture is also well developed and it was a treat to see the big-sized sweet apples of the Nagano Prefecture. Economy of space seems to be the key note and all the buildings that we saw, whether it was residential house or a hotel or a shop or an industrial establishment, proved it. Walls are made of paper mounted on a wooden rectangular frame. Japanese houses though very artistic, are of light material.

2.45. We had three sessions with the professors of the National Agricultural University who gave very useful information on the conditions of the small farmers in Japan.

PART II

CHINA

CHAPTER III

HISTORY AND DEVELOPMENT OF AGRARIAN CO-OPERATIVES

Conditions prior to the advent of co-operatives

3.1. The Chinese people think that it was the extreme poverty of the peasantry which created conditions that led to unity and collective action in the country. To appreciate the extent and rapidity of the subsequent changes it is, therefore, necessary to have a picture of the life of the peasantry in the countryside. We tried to ascertain this during our enquiries in the co-operatives we visited. The general impression we got, though it varied materially from tract to tract, was of a peasantry harassed by rapacious landlords against whom there was very little chance of seeking redress as they held important positions and wielded considerable influence on the local administrative machinery. In their anxiety to stress on us the extent of the difference in their present and past condition, it is possible that there might be a tendency even though unconscious, to exaggerate. For instance, in the Anjen county of the Szechwan Province we were informed by a young woman-president of a co-operative, in answer to one of our questions that there was a regular practice of girls married in the village spending their first night with the landlords. At the same place another woman gave a graphic account of how she was imprisoned for one week in a dungeon in utter darkness where she had to remain in about 2 to 3 feet deep water amongst the dead bodies of other similar victims, just because her husband was not able to repay only one-fourth portion of the rent due from him. During the course of recovery proceedings her husband was harassed, tortured and ultimately killed. At our request we were shown the dungeon and the impression we got was that the description of the conditions in the dungeon was exaggerated though the dungeon was there. Under the circumstances, we feel that perhaps a more realistic picture of the conditions in rural areas prior to Liberation can be obtained by reference to old records and standard books on the subject.

3.2. The total population of China at present is 583 million. 110 million families or 86·7 per cent. of the total reside in rural areas. According to a survey conducted in 1917-18, agricultural families

numbered 69 million and the agricultural population 345 million. This works out to 71 per cent. of the total population as estimated in 1926. Some scholars put the pre-Liberation average for the agricultural population at higher than 71 per cent. The consensus of opinion is that approximately three-fourths of the population was engaged in agriculture.

3.3. No comparable figures are available for the pre-Liberation period of the total number of agricultural labourers as distinct from cultivators, whether owners or tenants. While conditions varied largely from province to province, it appears that agricultural labourers constituted a small fraction of the rural population. A study made of 5,255 families in the neighbourhood of Ting county showed that of 10,803 males of over 13 years of age, 9,011 or 83 per cent. were farmers and 139 or 1·3 per cent. were labourers. Another survey conducted by Prof. Buck indicated that in 2,866 farms situated in 17 different localities in East, Central and North China, the number of labourers hired by the year was only 663 or one for every 4 1/3 farms. From these facts the conclusion has been drawn that the Chinese agrarian problem, unlike that of India, was not complicated by the existence of a large population of landless labourers. The typical person in the countryside was a peasant holding land as a tenant and not a landless labourer.

3.4. The proportion of tenants varied widely from region to region. In the north, tenancy was not so common as in the south; from two-thirds to three-fourths of the cultivators in the north were owners of their lands. In the south the percentage of tenants was high, being 66 per cent. in Kwantung and 80 per cent. in Hunan. As a general proposition it may be stated that amongst the cultivating classes one-half were owners and another half were tenants.

3.5. The condition of tenants also differed widely. In certain provinces, for instance, Chekiang, Kwantung and Kiangsu tenants' rights appeared to be well established, and they had a right to renew their tenancy. They could not be evicted so long as they paid rent and the tenancy rights could be sub-let, sold or mortgaged. At the other end of the scale were the peasants who held land at owners' will and paid rent as fixed by agreement which was liable to be increased at the landlords' pleasure. There was no right of transfer. In some cases even labour service had to be performed in favour of the landlords. Cases of disputes between tenants and landlords were frequent and not unoften the latter resorted to force. The great mass of tenants occupied a position intermediate between these two.

3.6. Abnormally high rents were the order of the day. The proportion of the produce taken by landlord by way of rent amounted generally to 50 per cent. though in some areas as high as 80 per cent. was also reported. In 1937, the administration of Chiang Kai Shek attempted to reduce rent to a uniform level of 37½ per cent. of the produce. But it could not be enforced because of the unsettled conditions and the pro-landlord bias in the administration.

3.7. Sub-division of land and fragmentation of holdings were quite common. The Chinese farmer justified fragmentation on the grounds that land varied in quality from acre to acre. Therefore, it was necessary that every cultivator should have the advantage both of good and bad lands. Besides, the farmer needed hilly land for pasture and fuel as well as level land for cultivation and the dispersion of land enabled him to face losses caused by flood and drought. Legislation for consolidation was passed in 1930 but appears to have had little effect in achieving its objective.

3.8. The following table gives an idea of the land concentration in China:—

Classes	Percentage to total number of families	Percentage to total acreage owned
Landlords (who did not cultivate) .	3	26
Rich peasants (well-to-do cultivators)	7	27
Middle peasants (who barely paid their way)	22	25
Poor peasants (who were always in debt)	68	22

It will be seen that the poor peasants who formed 68 per cent. of the population owned 22 per cent. of the total acreage, whilst the landlords and rich peasants who constituted only 10 per cent. of the population, owned 53 per cent. of the area.

3.9. A survey conducted by the Department of Agriculture and Commerce shows that out of a total of 49 million farms covered by the survey

36% were below 10 mou
26% from 10 to 29 ,,
25% from 30 to 39 ,,
10% from 50 to 99 ,,
6% 100 mou and above.

Source of figures: Tawney : *Land and Labour in China.*

The average holding in China as a whole was 24 mou or 4·0 acres, which varied widely from province to province.

3.10. With such a small area the Chinese cultivator had necessarily to earn his livelihood through intensive cultivation. In fact some writers have described the Chinese cultivation as a type of gardening. Emphasis was laid on the conservation of fertility of the soil by what has been described as farming in a circle, that is, restoring to the soil in the form of manure a major portion of the crop nutrients which had been drawn from it in the course of crop production. The Chinese farmer excells in the art of converting all sorts of waste into manure. Cut off by his environment from the easy course of extensive farming, he has acquired an ingenuity in bringing to the land at his disposal the utmost possible skill and industry that he could command within the scope of his meagre resources.

3.11. It is estimated that about 53% of the total agricultural produce was marketed. This included about a third of the rice, half the wheat, beans and peas, two-thirds of the barley and three-quarters of sesamum and vegetables. Poor means of communication and primitive methods of transport made the cost of marketing prohibitive. Rice which fetched $10 in Hangchow, was sold at $15 in the hilly tracts of the same area. Wheat had been known to sell in Szechwan at barely more than one-tenth of its price on the eastern coast.

3.12. Prices rose sharply before the harvest when stocks were running low, and then fell with a crash. Immediately after the harvest prices ruled at $10 to a picul (133·3 lb.). Prices would rise to $28 in spring so that the merchants made a profit of 180 per cent. According to a study of 30 transactions of the marketing of peanuts produced in Honan for the Shanghai market, the farmer received between one-half to two-thirds of the price paid by the consumer.

3.13. Credit appeared to be the main difficulty of the cultivator in pre-Liberation period in China. The main source was the private money-lender in the village who was also frequently the landlord. Co-operative credit was small and unorganised. The rates of interest paid by the farmer to the private money-lender were anything ranging from 30 to 50 per cent. though the legal maximum was 20 per cent. In such a state of affairs the Chinese cultivator had to exert himself to the utmost to earn a living. His poverty has been the subject matter of many books. A large proportion of the Chinese peasants are described as being constantly on the brink of destitution. The small income reduced the farmers and their families to mere subsistence. In fact, the people roughed through the winter by consuming as little and as poor food as possible.

3.14. It is natural for Indian observers to compare the conditions of their peasantry with that of China. The Chinese did not have the problem of the landless labourers but otherwise their system of land tenure, the pattern of holding and other agricultural conditions appear to be more or less the same as ours. In some parts of India the conditions of the peasantry are no different from what has been described above. The only outstanding difference appears to be that the Chinese landlord, as he was also the representative of the Government, used to exercise much greater authority and control in the villages. The rule of law had little meaning, and the Chinese peasantry was subjected to much greater harassment and exploitation than our peasantry.

3.15. The Manchu dynasty fell after the revolution of 1911 and ever since, till the Liberation in 1949, unsettled conditions have prevailed in China. Dr. Sun Yat-sen whose revolutionary activity led to the fall of the Manchu dynasty, was unable to consolidate his power and the provinces came under the control of different war-lords. Dr. Sun Yat-sen died in the year 1925. A few years before his death he had laid down as a policy that the Chinese should seek assistance from and alliance with Soviet Russia and in the economic sphere should advance on the basis of his famous three principles. After his death, his party, Kuomintang, came under the control of Chiang Kai-shek who was its acknowledged head till 1948 when he fled from China and sought refuge in Taiwan (Formosa). The Communist Party was established in China in 1921. Initially the policy of the communists was to work with the Kuomintang but the break came in 1927 when the Chiang Kai-shek administration started a crusade for their extermination. Many had to escape with their lives. After a precarious existence for one or two years in the south, a small army under the leadership of Mao Tse-tung travelled 7000 miles from South to North in one year and established themselves at Yenan in the North-West On the way they repelled successfully a large number of attempts of the Kuomintang troops to destroy them. Chiang Kai-shek still continued to harbour designs to destroy them and whatever was left of their small army; but in the meantime the Japanese invaded China and there was a popular demand for united resistance against the Japanese. This led to the incident at Sian when Chiang Kai-shek was put under arrest by his own General and compelled to negotiate with Chou En-lai who was then the representative of the Yenan Government. After this there was a truce between the Nationalists under Chiang Kai-shek and the communists and both agreed to present a common front against the Japanese. Actually,

however, mutual suspicion between them prevented the effective functioning of the united front and the Japanese captured large portions of China and Chiang was forced to shift his capital from Nanking in the East to Chungking in the West. In the meantime the Second World War broke out and allied assistance on a large scale was made available to Chiang's Administration. After the Japanese surrender and withdrawal in 1945 Chiang Kai-shek's army managed to occupy all the vantage points in North China; but the peasantry was not on their side and in the civil war that followed the Kuomin-tang army lost ground and the whole of China passed over to the communists. Chiang Kai-shek had to leave the mainland of China and take refuge in Formosa. In this manner the Communist Govern-ment came to have full sway over the whole of China. On the 1st November, 1949 the declaration of the People's Democratic Republic was made by Chairman Mao Tse-tung from Peking.

Land Reforms

3.16. Immediately after the inauguration of the Republic, the Com-munist Government of China proceeded to distribute land according to their declared policies and aims. The object of the Chinese land reform was "to abolish the land ownership system of feudal exploita-tion and introduce the system of peasant land proprietorship in order to set free the productive forces for the rural area, develop agricul-tural production and thus pave the way for new China's industriali-sation". It follows from this that the physical distribution of land was only the first step to release the productive forces in the rural areas. It had to be followed by other steps which would help to develop the productive forces so released. The release of productive forces was to be secured by abolishing the land-ownership system of feudal exploitation and not the system of land ownership itself. In fact, the agrarian reform law makes it clear that after the completion of land reform the People's Government shall issue title deeds and shall recognise the rights of all land-owners to manage, buy, sell or rent out land freely. And indeed, as we shall see later, this was not just a statement of law, appearing in the statute book but these rights were allowed to operate in actual practice.

3.17. Under the Land Reform Law, the right holders in land are divided into four classes according to the mode and degree of exploi-tation namely,

(i) Landlords,

(ii) Rich peasants,

(iii) Middle peasants, and

(iv) Poor peasants.

The determination of the class status of a person is to be "by democratic estimation and decision through village peasants' meeting and peasants' representative conferences under the leadership of the village people's government, by the method of self-assessment and public discussion". The agrarian law lays down various regulations for the determination of class status.

3.18. Feudal exploitation of land is explained as receiving benefits from land in the form of rents or through hired labour by a person not himself engaging in essential labour. Essential labour, as distinguished from mere supplementary labour, means taking part in the actual processes of production for a definite period. This is the basis of the distinction between a landlord and a rich peasant. A landlord is a person who maintains himself exclusively by exploitation. A rich peasant is one who engages himself in essential labour but derives a portion of his income from exploitation, which exceeds 25% of the total annual income of his family. A middle peasant was generally a self cultivating owner, who did not employ outside labour nor did he sell his labour power. This category would also include tenants. The poor peasant owned indifferent land and implements and had to obtain land on rent and also sell his labour power.

3.19. All the lands of the landlord, including draught animals, farm implements, surplus grain and surplus houses were confiscated and distributed among the poor peasants. To enable him to maintain himself by essential labour the landlord was, however, allowed land equal to the share of the poor peasant. In the early stage of the land reforms the tendency was to treat the rich peasant just as a landlord and confiscate all the land which was not being cultivated by essential labour. But later on when there was a change of policy, the tendency was to preserve the rich peasant economy within certain limits. Only rich peasants whose income from exploitation was larger than that through self cultivation, were treated as semi-landlords and their excess lands were subjected to confiscation. The lands of the middle peasants were not touched.

Results

3.20. We do not propose to go into the details and niceties of land reforms. Suffice it to say, that land was distributed in a unified manner according to the population of the Hsiang. In distributing land the principle followed was that every agricultural family in the village got land. The land which the tiller acquired through land

distribution plus his own existing holdings if any, was slightly and suitably more than his own holding before land distribution. After redistribution all the families in the village were thus owners of land and generally nobody in the village held land more than double the average holding in the village. Thus the land distribution narrowed down considerably the differences that existed between rich, middle and poor peasants.

The Role of Peasants' Associations

3.21. The determination of the class status of different peasants was done at peasants' meetings and the process was known as democratic estimation. The peasants' associations were based on the principle of what is known in China as "democratic centralism"—"the principle of subordination of individual members to the organisation, subordination of minorities to the majority and the subordination of lower organisations to higher organisations".

3.22. According to the Chinese, the feudal inhibitions of the peasants and their lack of initiative could not be overcome unless the landlord's social prestige was also attacked. Besides, many landlords had in the past been guilty of serious crimes which had gone unpunished. Prior to the introduction of land reforms the practice was to hold accusation meetings in which the landlord was publicly accused for his past crimes, judgments being pronounced by the whole gathering. Frequently, the worst offenders were sentenced to death and perhaps this happened in a very large number of Hsiangs. When questioned about these events the Chinese explained that they did not want to destroy the landlords as individuals. On the contrary they gave the landlords enough land to maintain themselves by essential labour along with the rest of the poor peasants. But they had to take action against the landlords for the past crimes. Justice was dealt out to them according to the demands of the people. When we pointed out that a whole people excited against the landlords for their past crimes are unlikely to be sufficiently balanced in pronouncing these judgments, we were informed that all such judgments were reviewed by special courts constituted for the purpose.

3.23. Two points stand out prominently which deserve special mention. The first is that all measures of land reform were executed through peasants' associations. Here was a nucleus of peasantry who had to be educated for discharging various responsibilities involved in the execution of the agrarian laws. They formed a natural core

for the future leadership in the village. In the process of implementation of land reform laws they also came together for common action which must have formed a good ground for the development of the future mutual aid teams and the co-operatives. The second point is that the method of working was such as to convey to the peasantry that they were responsible for all the decisions. Appeals were indeed provided against the decisions of peasants' associations but the method of their disposal was to reason out and convince the peasants' associations of their error.

3.24. The question is frequently asked if the Chinese deliberately adopted the method of wide distribution of land so that each family had a very small holding in order to provide favourable conditions for future co-operativisation and whether they had the future agrarian development through mutual aid teams and co-operatives fully in view when they passed the land reform law. It is somewhat difficult to give a categorical answer to this question. Writings of Chairman Mao as early as 1940 indicate that he envisaged a system of socialised agriculture in which individual cultivation of land was ultimately to vanish. And it does not stand to reason that such a large programme of land distribution would have been taken in complete isolation, without any idea of the future agrarian reorganisation. But it does appear that whatever may be the Party's and Government's ideas about future agricultural organisation, the initial steps were meant to invest the peasant with full and complete ownership with complete freedom to rent and even sell the land. The merit of the Chinese method appears prominently here. While each step is a link in a particular chain of events, each step is so complete in itself that it ceases to appear as just a link.

3.25. We may also refer to a problem which arose out of the wide redistribution of land. Immediately after land reforms some poor peasants had started selling their lands and the rich peasants developed a tendency to become richer by purchasing land from their poorer neighbours. Statistics compiled in December 1955 for 11 counties for the Paoting Administrative Region, Hopei Province, showed that in 1949, 43,890 maus of land were bought and sold. The figure in 1950 was 54,494 maus and in 1951, 1,15,188 maus. The situation began to change only when the movement for agricultural co-operation was started. In 1952 the figure dropped to 91,420. In 1953 to 78,450. In 1954 it was 36,245 and in 1955 8,290. Data collected in three villages in Furgu county of the Kirin Province show that in 1955 seven peasant families sold 165 maus of land. In 1951 nine peasant families sold 172·5 maus of land. In 1952 eleven families sold

210 maus of land. In 1953 when co-operative farming was the general rule in the village no land was bought or sold. Even today, under the Chinese Law the peasant has the right to sell his land, unless he is a member of an advanced co-operative, but the exercise of such right is discouraged.

Mutual Aid Team

3.26. After land distribution the first step in agricultural organisation was the organisation of permanent and temporary mutual-aid-teams. We were informed that the situation after land reforms was such that the mutual-aid-teams emerged as an obvious solution of the problem. Confiscation of the surplus food, houses, draught animals and farm implements of the landlords and their distribution among the poor farmer could provide only a part solution of the problem of supply of working capital. A real remedy was found in mutual-aid-teams. We tried our best to see a mutual-aid-team in actual operation but we were informed that almost none existed at the time of our visit. All of them had since been converted into producers' co-operatives. We were, therefore, unable to see one in actual operation. But the working of a mutual-aid-team was somewhat as follows. Any group of families with or without land, may come together and form a labour exchange or a mutual-aid-team. Surplus draught animals and implements are loaned to the team by those members who do not need them for current use. Points are allotted to each member for the work done by draught animals, tools or human labour. The credit would be different for manual labour, use of implements or draught animals and also for quantity and quality of work done. Each person on whose land the mutual-aid-team performs any operation on any particular day, has to sign slips on which points are entered according to the work done by each man. After the harvest, when the crops are sold, the point slips representing the credits and debits are balanced and the net balance is paid in cash or kind. In all the co-operatives that we visited, we were informed that the mutual-aid-team led to more production due to better farming obtained through team work. It ensured better tillage, rational use of draught animals and the introduction of better agricultural implements which individually the farmers were unable to secure. Specialisation of labour and the capacity to meet urgent demand of work helped increase in production by enabling agricultural operations to be done intensively and in time. Mutual-aid-teams also helped to develop subsidiary organisations, like transport work, labour on State work etc.

Growth of Agrarian Co-operatives

3.27. The development of agrarian co-operatives from the mutual-aid-team stage was a comparatively slow process as can be seen from the following table:—

	No. of Mutual aid teams (annual and seasonal)		No. of Co-operatives Primary		Advanced
1952	8,020,000	(39·9%)	3,634	(·1%)	10
1953	7,450,000	(39·3%)	15,053	(0·3%)	15
1954	9,930,000	(58·4%)	114,165	(1·9%)	201
1955 (Spring)		(50·7%)	630,000	(14·2%)	529
1955 (December) . .			1,900,000*	(63%)	
1956 (June)			1,000,000*	(91·7%)	

Figures in brackets represent percentages of rural house-holds covered.

*Includes advanced co-operatives for which separate figures were not available.

In 1953 the effort at formation of co-operatives appears to have slackened and the Party had to call for renewed efforts in 1954 and 1955. In some places the co-operatives were doing so badly that large numbers had to be dissolved. In others the movement was at a standstill. Under these circumstances the State Council and the Central Committee of the Party adopted a cautious and conservative attitude in pushing ahead with the programme and the directive of the State Council in 1954 asked for the consolidation of the existing co-operatives rather than the expansion and creation of new ones. Off and on there were drives for stepping up of the movement. But by the middle of 1955 the movement appeared to have reached a state of stagnation and the party leaders appeared to have been divided on the policy for further progress and development. At this stage Chairman Mao undertook a two-month tour in rural areas and studied the problem himself. According to him the masses were ready to march ahead but the leaders were hesitating. He recommended co-operativisation at a rapid rate, and in next six months *i.e.*, by the end of 1955 the large majority of the cultivators had joined the co-operatives.

3.28. The advantages of agricultural co-operatives were given out as better crop planning, growing crops suitable to a particular soil, better facilities for permanent improvements, better division and utilisation of labour and an increase in cultivated area on the abolition of boundary lines. These were the advantages usually mentioned to us in describing the transition from the mutual-aid-team stage to the co-operative system. Besides, under the system of mutual aid

there was always a conflict of interest between the individual who owned his plot and the members of the team when work had to be done against time.

Co-operatives of Advanced Type

3.29. The next step was the conversion of the co-operatives of the primary type into co-operatives of the advanced type. The difference between the two lay in the fact that in the former each individual member is entitled to a return from the land, which was either a fixed amount or a fixed portion of the net agricultural production after deducting production expenses. The remaining produce was shared by all according to the labour put in by each. There was thus a return for labour as well as for land ownership. In the advanced type of co-operatives there was no return for land ownership and the only return was for labour. The Chinese explained that with the ownership of the individual plots still holding good the benefits of unified management could not be obtained fully in the primary type of co-operatives. Individuals were reluctant for land development which affected adversely the individual plots though benefiting the co-operatives as a whole. And, of course, so long as the system of ownership of land prevailed, there was correspondingly a smaller return for labour and consequently less incentive for it. The return from the ownership was always smaller than the return from labour and in view of the small difference between the various classes of land owners (the difference not exceeding the proportion of 1 to 2) the conversion of a co-operative of a primary type into an advanced type was a comparatively easy step. During this period when the primary co-operatives were being converted into advanced co-operatives, there was a wave of socialist transformation which affected other sectors of the economy in China and resulted in a large scale conversion of private enterprise into public concerns. This also facilitated the growth of co-operatives of the advanced type.

Why Co-operatives

3.30. It is very pertinent to enquire at this stage what were the main considerations which influenced the decision to form agrarian co-operatives in China. Were the considerations mainly the advance towards socialism by the extinction of the institution of private property in land, thus bringing the peasant on the same level as the urban worker and strengthening the worker-peasant alliance? Or was it the impossibility of cultivating individually the small parcels of land? Or still was it for considerations of administrative

convenience of having to deal with only 1,000,000 units instead of 100 times that number, or the other numerous advantages of co-operatives, *e.g.*, increased production, providing more employment, helping to mop up local savings, mobilising the people for land development etc.? The answer is, it was all this, so far as the intelligent and thoughtful people were concerned, but the speed with which they achieved results indicates that the masses were overtaken by the idealist aspect of the movement under the leadership of the Communist Party and the propaganda carried by it. While it is true generally of each co-operative that it had progressed through the stages of a mutual aid team, and then gone forward to form a co-operative of the primary type to the final stage of a co-operative of the advanced type, it should not be supposed that each stage was of a sufficient duration to bring home to the peasants its benefits and, therefore, made them think of the desirability of the next step. The mutual aid stage lasted for two to three years and during the period 1952—54, fifty per cent. of the peasants worked in them. But the subsequent stages were completed quite rapidly and sometimes within the course of a single agricultural year. The study of the development of any co-operative would show that many peasants had joined directly a co-operative of primary type without passing through intermediate stages; and when a co-operative of primary type came to be converted into one of a higher type, it usually increased its dimensions, so as to absorb within it all the surrounding peasants whatever may be their level of association, whether they were hitherto independent peasants or were members of a mutual-aid-team or were members of a co-operative of the primary grade. The point we want to emphasise here is that in its final stages during the 'surging tide' period, the organisation proceeded like a mass movement, as if the whole Nation had been caught by an idea. And therefore the idealist aspect of the movement is of great significance. Through agrarian co-operatives, besides many material benefits which we have indicated, the task was accomplished of sharing the Nation's chief resource equitably; giving to the large mass of the peasantry equality of opportunity and opening for them a new road to prosperity.

CHAPTER IV

ORGANISATION AND MANAGEMENT OF CO-OPERATIVES

4.1. The last chapter dealt with the historical background of the producers' co-operatives. In this chapter we proceed to discuss the techniques of organisation and management which the Chinese have evolved for running 1 million societies. The rights of peasants have been defined in Article 8 of the Constitution of Peoples Republic of China in the following manner:—

"The State protects the rights of the peasants to own land and other means of production according to law. The State guides and helps individual peasants to increase production and encourages them to organise producers' supply and marketing and credit co-operatives voluntarily."

About co-operatives, Article 7 of the Constitution states the following:—

"The co-operative sector of the economy is either socialist, when collectively owned by the working masses, or semi-socialist, when in part collectively owned by the working masses. Partial collective ownership by the working masses is a transitional form by means of which individual peasant, individual handicraftsman and other individual working people organise thesmelves in their advance towards collective ownership by the working masses.

"The State protects the property of the co-operatives, encourages, guides and helps the development of co-operative sector of the economy. It regards promotion of producers' co-operatives as the chief means for the transformation of individual farming and individual handicrafts".

The responsibility for promoting agricultural producers' co-operatives has also been laid upon the provincial county and Hsiang governments. In this connection Articles 27 and 28 of the Organic Law of Local People's Congresses are relevant:—

Article 27: "People's Councils at or above the county level exercise the following functions and powers in their respective administrative areas....

to direct agricultural and handicrafts production and the development of mutual aid and co-operation in agriculture and handicrafts."

Article 28: "Under People's Councils of Hsiang nationality, Hsiangs and towns exercise the following functions and powers in their respective administrative areas....

"to direct agricultural and handicrafts production and development of mutual aid and co-operation in agriculture and handicrafts and other economic activities."

The Hsiang is the lowest administrative unit which consists of a number of natural and administrative villages. There are nearly 200,000 Hsiangs. Although there is considerable variation from region to region, the average population for each Hsiang is about 2,500.

Administrative set-up

4.2. At the national level, technical advice, guidance and other assistance to co-operatives are provided by the Ministry of Agriculture which maintains a Co-operative Bureau for the purpose. The Bureau has four departments:—

(a) General Problems Department—deals with the questions regarding personnel training, statistics and complaints.

(b) Accounting and Book-keeping Department.

(c) Labour Department—studies the methods of wage payment and labour organisation, 'norms'.

(d) Production operations Department—Technical problems of Agriculture and Animal Husbandry.

At provincial headquarters, there is a nucleus staff in the department of Agriculture for helping producers' co-operatives. Similarly, at the county level, there is a separate co-operative section. These sections do not function in isolation. They are assisted in their activities by technical and other expert staff of the Agriculture, Animal Husbandry, Forestry and Water Conservancy Sections. In fact, the entire machinery of the provincial and county Governments work to facilitate operations of co-operatives and to solve their difficulties. In Liaoning Province, for instance, the State maintains 260 Agricultural Technique Popularisation Centres. There are 40 stations for water and soil conservation, 50 artificial insemination centres, 200 Veterinary dispensaries, 12 seed centres and 40 model seed multiplication farms. Every one of these units has a close contact with the co-operatives either directly or through the Technique Popularisation centres.

4.3. The experimental stations depute their representatives to the co-operatives to test the results of their research in field operations. Colleges of Agriculture depute for practical training their students to the Agricultural producers' co-operatives for a period of 13 to 25 weeks. The professors of Agricultural Colleges take up research projects regarding management and accounting methods of agricultural producers' co-operatives. Increasing the efficiency of co-operatives and solving their problems are some of the major tasks of the county and Hsiang governments, which frequently invite members of the co-operatives for discussing problems that thwart production.

Registration

4.4. Although there are one million agricultural producers' co-operatives, 30,000 supply and marketing societies, 1,10,000 credit co-operatives and 1,100,000 handicrafts co-operatives, there is no separate Co-operative Societies Act for their registration and administration. From 1952 to 1955, the agricultural producers' co-operatives framed their own bye-laws with the help of the county government and the Communist Party. The experience gained during this period of 3 years was carefully studied and a model set of regulations for primary type of societies was prepared. It provided for considerable flexibility and adjustment. This was considered by the National People's Congress (Chinese Parliament) and adopted on the 17th March, 1956. For advanced type of producers' co-operatives, the Parliament passed model regulations on the 30th June, 1956. These two sets of model regulations now form the basis of the bye-laws framed by the co-operatives. The Provincial Governments in China do not have an officer similar to the Registrar of Co-operative Societies in India. The agricultural producers' co-operatives are registered with the county or Chui governments and registration is considered more a matter of form to which the Chinese do not attach much importance. However, registration enables government organs to obtain statistical and other information from the co-operatives and entitles the latter to receive the financial and other assistance from the Agricultural Bank, county government, credit and marketing co-operatives.

Memberships

4.5. Model regulations lay down that co-operatives must on no account resort to coercion in dealing with the peasants remaining

outside; they must persuade and set an example to them so that they join the society when they realise that instead of suffering losses they can only benefit by joining it. The membership is open to all peasants, men and women who have attained the age of 16. The aged, the weak and orphans or widows who can participate in subsidiary work are also absorbed. At the initial stages primary co-operatives do not generally admit erstwhile landlords or rich peasants as members; persons belonging to these two categories, can, however, be admitted when co-operatives are firmly established and when over three quarters of the peasants in a Hsiang and a county have joined them. In the advanced co-operatives, besides regular members, a system of candidate membership has also been introduced for ex-landlords, rich peasants, counter-revolutionaries. The candidate members have all the privileges except that they cannot be elected either to the managing committee or to the supervisory committee. Persons of the three categories mentioned above, who do not qualify even for candidate membership are admitted to take part in the work of the co-operatives, to reform and turn themselves into useful working members of the community. In Woosan vegetable producers' co-operatives, in the Liaoning Province, we came across 26 candidate members. In addition, there were 7 members who were receiving education.

4.6. The purpose of organising agricultural producers' co-operative is to pool land which was cultivated individually and place it under rationalised and planned management. The co-operatives, however, allow the members to retain small plots of land for personal cultivation. The size of these plots is determined by the number of persons in a family and the total amount of land in a particular unit. By and large, the members are not allowed to retain lands exceeding 5 per cent. of the average holding in the village. The size of these plots *per capita* ranges in the Liaoning Province from 1/32 to 1/40 acres.

Land Dividend

4.7. In primary co-operatives, the ownership of the land vests in the individual member, who receives from his society an appropriate sum by way of land rent or land dividend commensurate with the amount and quality of his land. The considerations for determining the rate of land dividend are: that the income of a co-operative is created mainly by the work of its members and not merely from the

ownership of the land. Therefore, the amount paid by way of dividend on land should be less than the amount paid as remuneration for agricultural work. This is considered necessary for encouraging members to take active part in the work of the co-operatives. At the same time, in the early stages of the co-operative, the dividend should not be set too low because a reasonable dividend helps in attracting the peasants who own more and better land. This will also enable members who own land but are short of labour power to get a reasonable income.

4.8. The rate of dividend is decided by the co-operative after discussion; it is generally expressed in terms of a fixed percentage of the normal yield of 3 years ending 1952. The dividend is thus 'fixed' or 'frozen' at a particular level. At the same time, the tendency to change or reduce land dividend is discouraged so that the land owners have assured income for some time and they do not have to undergo a period of uncertainty. The additional income obtained from the increased yield is used by the co-operative for payment on account of labour put in and for accumulation of reserves and common property. Co-operatives in the Liaoning province paid 30 per cent. of the normal yield as land dividend. The rate in Szechwan was 45 per cent. whereas in the suburban area of Shanghai 40 per cent. and 30 per cent. of normal output of cotton and vegetables respectively was distributed as land dividend. The land owners are responsible for payment of land tax (known as agriculture tax) to the State. The tax ranges between 15 and 23 per cent. of the normal yield, the average in the area visited by us, being about 21 per cent. Thus after meeting tax obligations the net income derived by way of land dividend ranges from 10 to 25 per cent. of the gross output. This percentage however tends to be reduced as production increases.

4.9. Model regulations also provide that in areas, where arable land is exceptionally scarce and pressure of population is heavy, co-operatives may raise the amount of land dividend upto 50 per cent., the remaining 50 per cent. being utilised for remuneration to those who work on the land. Previous consent of the Provincial Government has to be obtained for fixing this ratio. In areas where yields tend to fluctuate severely a fixed percentage of the total production can be given as land dividend. Waste land belonging to members, reclaimed with their consent by co-operatives, is not liable to land dividend for the first two or three years. However, if waste land has been reclaimed by mutual aid teams before the formation of producer's co-operative, suitable compensation is paid to the members

of the team who do not join the co-operatives. Irrigation works such as ponds, ditches, dams, wells, etc., on lands owned by members are generally taken over by the co-operative along with the land. Where such works have been in existence for a long time and have contributed to the increased yields which are reflected in the shape of high dividend on his land, the co-operatives do not offer the owner any special compensation. On the other hand, if these works are utilised by the co-operatives to irrigate additional land the owner receives appropriate compensation, which is paid in instalments, spread over three to five years.

Pooling other means of Production

4.10. Apart from land, other important means of production owned by the members are pooled together for obtaining the benefits of co-operative management. These include draught animals, such as horses, mules, donkeys, oxen and large farm tools like ploughs, water wheels, wind mills, pumps, carts, etc. The co-operative does not acquire small farm tools such as sickles and hoes. These are provided and repaired by the members themselves. Animals, farm tools and means of transport are purchased by a co-operative at normal local price, which is paid to the sellers in 3 to 5 instalments. The question of paying interest on instalments is settled by the co-operative in consultation with the owner. However, the valuation of animals and tools is not an easy matter. In some cases a few enthusiastic promoters sometimes set the price too low; this created considerable disaffection; cattle were neglected and even destroyed. Fair valuation and proper compensation are recognised as an essential factor for maintaining the unity of the members. Orchards, tea gardens, groves of mulberry trees requiring considerable amount of regular work are acquired by the co-operatives on reasonable payment. Timber producing groves such as pine, cedar, etc., which do not call for a great deal of work or yield relatively large profits are also taken into the pool and the income earned by a co-operative from the management of these groves is handed over to the owners after deducting the expenditure. Groves of newly planted saplings are also brought into the co-operative fold if the owner agrees to receive payment out of the income realised from the groves.

Valuation system—Norms

4.11. After formation, the co-operatives face two difficult problems; the first pertains to assessment of performance of various

agricultural and other operations and the second to proper remuneration for each operation. Differences in skill and ability are to be recognised and provided for. Unless a proper system of remuneration is evolved, jealousies between the efficient and the inefficient can easily wreck a good society. The Chinese have been able to reduce these difficulties by introducing a system of norms for important items of work. 'Norm' is a standard of daily performance in regard to quantity and quality of output expected of an average member working on a specified area of land with certain draught animals and farm tools and under certain weather conditions. In the Liaoning Province, every co-operative visited by us had its own norms. We were told that the co-operative at first requires a group of cultivators, who are accepted as good farmers to prepare a draft of the norms. The suggestions are examined by the executive committee; but before taking a final decision a test is carried out under field conditions to see whether the norms suggested are realistic and practical. This is done by asking an average worker to perform a particular operation and, if he is able to complete the work within the time specified, the draft 'norms' is adopted.

4.12. A few illustrations of 'norms' might be of interest. The Lien Min Co-operative in Kiangsu had to prepare land for rape seed cultivation. For the first ploughing—5″ deep the 'norm' was to plough one acre of land; for the second ploughing which was 4″ deep, 1-1/3 of an acre of land was required to be ploughed. There was a further provision that if the worker used a big bullock in the first ploughing, he should plough 1-1/6th of an acre instead of one acre, whereas with a small bullock only 2/3rds of an acre had to be completed. For fields under double-crop late paddy, the following 'norms' had been laid down:—

Plough—3 mou (half an acre) double bladed plough 4″ deep.

Transplanting—1/6th of an acre.

Carrying paddy—2/5th of an acre.

'Norms' are similarly prescribed for transporting manure, harvesting crop and for carrying out other agricultural operations. 'Norms' are fixed separately for each important crop. The number of 'norms' in a co-operative therefore, runs into hundreds. One society dealing in vegetables in Woosan (Liaoning Province) which grew 40 types of vegetables had nearly 1000 'norms'. For facilitating payment and assessment, the 'norms' are classified into grades which are determined

after taking into account the nature of work, type of season etc. The Lien Min society had the following grades:—

Grade	Payment	Basis for classification
I	1·2 labour days or 12 wage units .	Skilled, heavy work during busy season, or work important to production.
II	1·1 labour days or 11 wage units .	Semi-skilled or heavy work during busy season.
III	1·0 labour day or 10 wage units .	Skilled or heavy work in slack season or ordinary work in busy season.
IV	0·9 labour day or 9 wage units .	Ordinary work in slack season or light work in busy season.
V	0·8 labour day or 8 wage units .	Light work in slack season.

An average labour day is divided into 10 wage units. If it is assumed that a member works for 10 hours a day, he earns one unit per hour. Sowing is considered to be a skilled operation and classified as Grade I, therefore, a person who is engaged in sowing qualifies for 20 per cent. more remuneration than one who is assigned the task of ploughing which is in grade III. Similarly, a worker carrying out transplanting operations is entitled to additional remuneration. On the other hand, weeding is considered to be light work in busy season and is classified as grade IV, and the person employed on this work earns only 75 per cent. of the income obtained by the one engaged in sowing. Performance above the norm is suitably rewarded. If a person can plough 1-2/3rd of an acre instead of 1-1/3rd of an acre which is the norm for a day and the quality of the work is satisfactory he will be entitled to additional wage units and payment.

4.13. A farmer generally works from sun rise to sun set. In winter, this period is short specially in the Liaoning Province. In summer, on the other hand, the working period is much longer. Consequently, a worker collects less manure during winter than in summer. The norm for manure collection in winter is consequently readjusted and workers are allowed only 70 per cent. of the wage unit fixed for summer. The Chinese co-operatives have also found that the presence of weeds in a jowar field was larger than in a soyabean plot. The 'norm', therefore, requires that weeding be completed on smaller area of jowar as compared to soyabean. The norm for the same crop may sometimes call for revision. If there is excessive rain, more weeds are likely to grow and the standard laid down on the basis of average rainfall may not hold good. The type of draught animals also influences output of a worker. In the Liaoning Province horses, mules

and donkeys are commonly used. Different performance standards have, therefore, been set for each type of animal taking into account its strength. An illustration of this method is given below:—

Item of work	Type of animal	Norms or output standard
Ploughing one bottom iron plough.	Strong animal —horse.	1 acre.
Do. do.	Medium animal — mule	7/8th of an acre.
Do do	Weak animal—donkey	3/4th of an acre.

While deciding 'norms' care has to be taken to see that they are not too low otherwise most members will be able to exceed them without much effort. Nor should the 'norms' be too high lest no one may reach them. In the earlier stages, if co-operatives cannot determine the 'norms', a system of fixed rates with flexible assessment is introduced. Under this system each member is assigned a definite number of wage units based on his skill and capacity of work. Provision is made also relating payment to actual output. In practice, this method has been found to be wasteful as payment for the work done cannot be accurately calculated. Therefore, the co-operatives, try to introduce the 'norms' as early as possible. Out of 19 co-operatives visited by us we saw only one society without 'norms', and 'norms' of another society were found defective.

Work distribution : Teams and Groups

4.14. Assignment of tasks amongst members and their proper assessment is another difficult task. Chinese co-operatives do not employ whole time supervisors because separation of supervision and manual functions tends to become uneconomic and anti-social. The Chinese have introduced a system of division of labour and are gradually evolving a method of group responsibility for production. Each co-operative organises its members into production teams which serve as the basic unit for labour organisation. Production teams are sub-divided, where necessary, into production groups because smaller groups lead to better understanding and facilitate supervision. The leader of the production team who is selected by the executive committee with the consent of the members of the team, is responsible for production. The leader of a group is selected by the team leader after ascertaining the wishes of the members of the group. The teams are organised on permanent basis although in the initial stages, these were organised temporarily for performing a specific job of work or

for a season. The permanent team is assigned a definite area for cultivation as well as draught animals and farm tools, so that the team may assume full responsibility for showing results, taking care of the draught animals and drawing up its own production plans and completing them satisfactorily. It is the responsibility of the team leader to see that every member of the unit has a proper job and the aged, weak and invalid get a chance to earn a certain amount of income by labour. At the end of a day the team or group leader assesses the work of each member and awards to him the number of work units on the basis of 'norms'. Where 'norms' have not been determined, the units are decided after discussion, due allowance being made for the quantity and quality of the work done.

4.15. Every leader or deputy leader of the team is required to put in certain minimum amount of work in agricultural operations. He is, however, allowed additional number of wage units for the time spent by him on supervision. In the co-operative in Woosan, for instance, the average number of labour days was 210; the team leader had to engage himself in farm operations at least for 140 days. In addition, he was allowed wage units for 70 days or 1/3rd of the total time for supervision.

Selection of Team Members

4.16. Although there is no rigid pattern, the teams generally are so formed that they are more or less equal as regards labour power, the skill of members and ability of the leaders, and that teams as a whole, are regularly occupied. The distance between the home of the members and place of work is taken into account in allotting members to a team; and other things being equal, members have an option to choose and change the team. The Woosan vegetable co-operative had, for instance, a labour force of 498 members, which was divided into five teams, each of about 100 persons. Every team was sub-divided into groups of 20 to 25 each. Another co-operative, 'Road to Happiness', with a membership of 985 households had 17 teams of varying size but each having a leader and a woman deputy leader. While the average number of households per team was 60 to 67, there were large teams comprising 92 households. The smallest team contained only 23 households. This unequal distribution was necessary, because this was a large co-operative and had been formed by amalgamation of 16 primary units of 19 villages and the distance between the members' houses and the place of work had to be adjusted. For similar considerations, the members of a household belong ordinarily to the same team. In the third co-operative, "Friendship Farm", which

had a labour force of 1647, work was organised into 12 teams which were split into 36 groups. Out of 12 teams, seven were engaged in fruit cultivation, 3 in cultivation of foodgrains, one team in developing animal-husbandry and another in subsidiary occupations. The size of these teams ranged from 120 to 250, while the membership of the group was kept at 15 to 20. In the Happiness Farm, men and women were members of the same group, whereas women were organised into 14 separate groups of their own in the Friendship Farm; the Lien Min Co-operative of Kiangsu province, however, had given up the system of teams and groups and had distributed its labour force in 27 units of about 50 members each.

Piece work and guaranteed output

4.17. Chinese co-operatives are attempting to combine the benefits of piece work system with fixed responsibility through a method which is known as long term contract, under which each production team guarantees a certain output per acre to its co-operative. The managing committee of the co-operative, on its part, undertakes to supply the means of production. While guaranteeing output, the team estimates cost of production and the labour force required. Teams which over-fulfil the output 'norms' are suitably credited with addtional work days as a reward. Those who have fulfilled less than 90 per cent. of the 'norms' as a result of poor management are, depending on the circumstances, penalised by being credited with less work days. On the other hand, if there is an overwhelming natural catastrophe, the yield estimates are revised in the light of the damage sustained. Under the long term contract arrangements, a reasonable amount is provided in the team budget for upkeep and replacement of carts and implements. A fixed allowance is sanctioned for proper maintenance of animals and their medical care. In the Road to Happiness Co-operative a sum of Rs. 10 per donkey was ear-marked for this purpose. A worker who maintained the animal well, and, at the same time spent less than Rs. 10, was allowed to retain a major part of the savings. The leader of the group maintains a record of units earned by each member, which is passed on to the accountant regularly. On the basis of labour units, thus credited, advance payments are made to members by the co-operative, either in the form of grains or cash so that they may satisfy their daily requirements. The final accounts are settled at the end of each harvest.

Some incentives for good work

4.18. Besides the long term contract system, prizes are awarded by the co-operatives to individuals; teams or groups distinguishing them-

selves in drive, or in doing exceptionally good work in improving production skill and management. Where a co-operative over-fulfils its plan as a result of good leadership, those regularly responsible for its management are given rewards, which are not very expensive. Some of the co-operatives seen by us had adopted the practice of giving prizes to 10 per cent. of the total members for good work. Prizes were also awarded for specific operations of crops. The work of the teams is judged by the executive committee on considerations agreed to and announced in advance. We also noticed in some co-operatives, a system of best team of the month flying a banner at its headquarters. Model workers are elected by each co-operative. Similar competition is held at the county, provincial and national levels. There is a degree of specialisation even among the model workers. There may be a model accountant, a model animal attendant, a model cotton picker and a model poultry breeder and so on. We also visited in Checkiang a co-operative, which was the model of 1952 for the Province among the Tea growing co-operatives. We met near Shanghai, Mr. Chen Yung Kang, who was the national model for paddy cultivation. Model workers get together from time to time at various levels and make an attempt to find out how further improvements can be made. The leaders of the teams in a county or block (Chui) hold meetings for similar purpose. Within a team there is constant effort at self education. Magazines and other technical literature are obtained and studied at lunch intervals or at night. There are many neo-literates or illiterates still who cannot read the material. A literate person therefore takes upon himself the duty of reading the matter and leading the discussion.

General Body

4.19. The internal organisation of a co-operative and its relationship with other agencies has been indicated on a chart at the end of the Chapter. According to model by-laws, the final authority for running a co-operative and managing its affairs rests with the general meeting. When difficulties are experienced in convening a general meeting, because there is a very large number of members or because the homes are scattered, a meeting of delegates chosen by members can, with the consent of the county government, act on behalf of the general body. The number of delegates is determined by the Executive Committee with the approval of the county government, but it is generally not less than 100. Model regulations and the byelaws adopted by the various co-operatives provide for appeal or consultation in the following cases:—

(a) A member who is expelled from the co-operative by a

decision of general meeting has a right of appeal to the county government.

(b) Permission of the Provincial Government has to be obtained if a co-operative wants to fix the rate of dividend on the land equal to the amount paid as remuneration for agricultural work.

(c) A co-operative which desires to substitute a Conference of Members' delegates in place of the general meeting, has to secure the approval of the County People's Council for this arrangement.

In all other matters the decision of the general body is final.

Executive and Supervisory Committee

4.20. The General Meeting elects an executive committee consisting of 5 to 15 members. The Chairman is also elected by the general body. The Executive Committee has one or more vice-chairmen. In smaller societies, their number was 2 to 3, whereas in larger units we found as many as 5 vice-Chairmen. Specific duties and responsibilities are assigned to members of executive committee, particularly the office bearers. By and large, there are 3 broad functional divisions; (i) the technical aspects of production, (ii) finance and accounts, and (iii) work among women. On the Friendship Farm, we noticed the following distribution among six office-bearers:—

(a) Chairman: Overall production and public relation.

(b) First Vice-Chairman: Business and Planning and technical aspects.

(c) Second Vice-Chairman: Animal Husbandry and subsidiary occupations.

(d) Third Vice-Chairman: Women and cultural work.

(e) Fourth Vice-Chairman: Security.

(f) Fifth Vice-Chairman: Finance.

For encouraging active participation, some larger co-operatives have tried to assign definite spheres of work to every member of the executive committee; this also enables the general meeting to judge the performance of various members.

4.21. There is no hard and fast rule as to whether an office-bearer should or should not spend all his time in supervisory capacity. This depends upon the size of a co-operative and the volume of work. In Woosan (Liaoning), for example, the chairman spent 50 days in actual farm operations, the first and second vice-chairmen worked for 90 days each in the field. The third vice-chairman was required

to participate in farm work for 100 days. We also found during our visit, the Chairman of Sing-Ming Co-operative (Szechwan Province) Mr. Lo Shi-Pa, also a member of Chinese Parliament, engaged in agricultural operations. On the other side there were co-operatives such as the Friendship Farm or the Road to Happiness in which the chairman devoted himself exclusively to supervisory functions. The total remuneration of the chairman, whether whole-time or otherwise, is generally equal to the earnings of the highest labouring force of the entire co-operative. Income of the vice-chairman is frequently equated with the incomes of workers in upper brackets. As there is a general tendency to spend too much time in supervisory work, the model regulations of a primary co-operative suggest that the cost of management should not exceed 1 per cent. of the total annual value of production. For advanced co-operatives, the limit has been reduced to ½ per cent.

4.22. Besides the executive committee, every co-operative in China has a Supervisory Committee, and generally a group of activists who are members or sympathisers of the Communist Party, whose function is to activise and enthuse the members of the co-operative to take greater interest in production. The Supervisory committee is elected by the general body. This committee consists of 3 to 9 members, it has to see that the chairman of the co-operative and the members of executive committee abide by regulations and the decisions of the general meeting; accounts are correct and there is no embezzlement, waste or damage to co-operative property. It has to submit regular reports to the general meeting and has a right to make suggestions to the executive committee from time to time. As the functions of the supervisory committee are more or less akin to those of an internal auditor, the model regulations require that members of the executive committee, the accountant, the cashier, the supply clerk shall not hold posts concurrently on the supervisory committee. The members of this committee are generally members of the various teams and if they have to spend some time in carrying out their duties as members of the supervisory committee, adequate allowance is made therefor.

Role of Accountant and method of checking accounts

4.23. Co-operatives employ one or more accountants and cashiers for carrying out financial operations and maintenance of accounts. The accountant is generally a local person having some knowledge of arithmetic and aptitude for picking up the work. He is responsible to the executive committee and has a right to refuse the payment of any item of expenditure which is not covered by the annual budget

and the annual plan of production. The chairman of a co-operative can, however, sanction items not in the plan provided the total cost does not exceed 10 yuans (Rs. 20). The executive committee can sanction similar expenditure upto a limit of Rs. 100 beyond which the approval of the general meeting is necessary.

Accountants and book-keepers of many co-operatives are yet to be fully trained. They have been put to the job after a brief course of training. The Chinese have, therefore, evolved other methods of checking accounts and helping the co-operatives; these are: (i) the accounts are checked once a month by the supervisory committee; (ii) a representative of the Technique Popularisation Centre, having knowledge of accounts and procedure, visits a co-operative once in two months and makes suggestions, (iii) the accountants of co-operatives in a Hsiang (group of about 10 villages) form their own teams and visit each others' co-operative and look into the accounts, (iv) the field office of the county government at Chui also sends round its staff for assisting the accountants, (v) the staff of Agricultural Bank assists the co-operatives in improving their accounting methods. The Government does not maintain staff for audit and the system of audit by an outside or independent agency is not in vogue in China. The supervisory committee discharges this function.

Share Capital and Funds

4.24. The producers' co-operatives collect share capital from their members for two items, *viz.* (1) to cover expenditure of production—purchase of seed, fertilizers, fodder, etc; (this is known as Production Expenditure—share fund) and (2) to pay for such means of production as draught animals, farm tools, etc. bought from the members of co-operatives (this is called 'Common Property Share Fund'). Members, who are poor and who cannot afford to pay the full contribution to this share fund, are given advances for this purpose out of Poor Farmers Fund maintained by the Agricultural Bank. The amounts paid into the share funds carry no interest or dividend and are repayable to members at the time of withdrawal. Contributions by members to production expenditure share fund are approximately equal to the sum needed every year for seeds and fertilisers by ordinary peasants. Members are allowed to pay the amount towards this fund either in cash or in kind. In the Sing Ming Co-operative, one of the share-holders paid a part of the share money by supplying pig manure at a mutually agreed rate. The contributions towards Common Property Share Fund can be paid either in lump sum or in instalments.

4.25. The income obtained by the Chinese co-operatives is utilised in the following manner:—

(a) a sum equal to the expenditure on production is set aside to cover the production cost in the subsequent year;

(b) in the early stages, a sum not exceeding 5 per cent. of the net annual income (gross value of production minus all expenditure of production) is placed in the Reserve Fund. More recently the percentage has been raised to 8 per cent. for food-crops and 12 per cent. for industrial crops. The Fund is used exclusively for buying draught animals, farm tools or tools for subsidiary occupations, levelling of land, water and soil conservation, land reclamation etc.

(c) One per cent. of net annual income in primary co-operatives and 2 per cent. in advanced co-operatives is credited to the Welfare Fund. This is used for improving public welfare and cultural amenities for members. In a year of good harvest, co-operatives are permitted to enlarge their contributions to the Reserve Fund and Welfare Funds. Conversely, where the harvest is poor due to natural calamities, or other reasons the allotments of the Funds are suitably reduced. The balance left afer making contributions to the production expenditure share fund and the Reserve and Welfare Funds, goes towards payment of (i) land dividend, and (ii) labour-remuneration according to the number of labour days. As indicated earlier, there is no dividend on land in the advanced type of co-operatives, because the members transfer their owner-ship of land to such co-operatives.

Training arrangements

4.26. The success of co-operatives depends largely upon the ability and aptitude of the personnel in-charge of their administration and day-to-day affairs. This requirement becomes much more important in producers' co-operatives because in them along with complicated problems of finance and production, human relations play very vital role. Each one of the one million agricultural producers' co-operatives, requires about 5 persons for its management; they are (a) chairman, (b) two vice chairmen, (c) an accountant, and (d) person-in-charge of agricultural production. The Chinese had, therefore, to find at least 5 million persons, who could shoulder the responsibility of managing the agricultural producers' co-operatives. "Organisers" or "Cadres" sent by the party and the Government from the national and provincial headquarters helped at first in creating contacts and

in establishing the agricultural producers' co-operatives. They could not, however, stay in the village to run the society for the people. The Government and the Party have, therefore, laid great emphasis on building local leadership. The Provincial and county governments have a programme of giving a short duration training to the various categories of active workers. As the functions and the duties of the accountant and the chairman are quite different, separate classes are organised for them. In Liaoning Province, for instance, the Provincial Government directly trained 17,338 co-operative workers between 1954 and 1956. This included 1200 chairmen, 2700 accountants and 388 persons-in-charge of agricultural production. The period of training ranged between 3 and 6 months. In addition, 1,00,000 men were brought together at various centres for a short course of 10 days. The Provincial Government has set up 4 regular co-operative training schools and had also started a class of 10 months' duration for the accountants. In the latter, 1,400 persons were reported to be under training. The Government had a plan of enlarging the facilities at the accountants' school so that 2,800 persons could be admitted.

4.27. Guidance on matters relating to production, labour organisation and accounting is provided by the Chui (Block) Government, which maintains specialised cadres for this purpose. Technical guidance is required also for carrying out special programmes on a large scale. When co-operatives in the Liaoning Province found that they would be able to increase their income by maintaining pigs, the State arranged a special training course of six month duration in which we saw 400 trainees deputed by co-operatives taking lessons in various aspects of pig rearing. Another special problem in this scanty rainfall area was increasing the facilities for irrigation. Investigations showed that irrigation facilities can be increased considerably by construction of wells; but every well required some skilled men such as masons, drillers, concrete mixers, etc., whereas in the whole area only 100 such technical men were available. For meeting the emergency, masons and drillers assumed the role of instructors on the job. Members belonging to co-operatives were collected at a suitable spot and the skilled workmen constructed 2 or 3 wells in their presence, then they supervised digging of a well or two and proceeded to the next centre. Installation of engines and pumps was yet another job with which the farmers were unfamiliar. During the course of high tide 68 factory workers from Shenyang (Liaoning Province) proceeded to the neighbouring villages for a period of two weeks and helped in fitting the engine sets. Some of them accepted

reduced rates of payment, others worked free of cost. A few factory workers subsequently organised themselves into composite groups of various trades to go to the villages and see whether the machines set up functioned properly. In another Province—Szechwan—where the movement has developed recently, it was realised that more attention should be paid to preparation of long-term plans. A group of 120 people was, therefore, being trained to help the farmers in long-range planning.

4.28. For the classes conducted by it, the Provincial Government pays for food and lodging and the books. The Co-operative Society, bears the travelling expenses and pays to the bearer for a part of the cost of labour days lost during the period of training in case the trainee has to maintain his family.

4.29. Highest importance is thus attached to the programme of training. In the course of discussions with some of the Directors of Agriculture and others, we were told that during the period of high tide they had to be content with a very brief course of training and that longer duration courses were being introduced. In Szechwan, for instance, a six-week-training-course had just been started for the chairman and other office-bearers. In this course, were taught (1) essentials of food production and management, (2) methods of running a co-operative in an economic and efficient manner, (3) human relations and (4) methods of raising political consciousness of the masses. 450 persons were attending this training course. At the time of our visit, the centre had just begun and it had not been fully equipped with books and other essential literature.

4.30. The accounting methods of the Chinese Co-operative have been devised to meet the demands of a large number of co-operatives which came into existence during a very short period. The staff was not fully trained and account books were not posted up-to-date. The Chinese, who are aware of these drawbacks, are taking steps to remedy them. They have very recently introduced more intensive courses for training the accountants. In our country the demonstration co-operatives would have to pay special attention to a proper system of accounting because in the absence of clear accounts it becomes difficult to convince the members and others about the utility and the success of the organization.

Plan of Work

4.31. Every co-operative has an annual plan and a long range plan of three to five years. This is in terms of production targets, employment for the labour force, requirements of finance as well as supplies.

The basic factor in these calculations is the yield per acre for each important crop. After taking into account the previous year's output a co-operative prepares in advance its annual plan and programme of production. Each team similarly frames its own programme and makes an effort to achieve and exceed the target. Improvements to be made are specifically listed and costs are carefully worked out. Technical and other assistance from the Hsiang or county governments or the Agricultural Bank is obtained in working out the plan. A monthly and weekly programme of action is also worked out by the societies and the members know what they are expected to do in the next three or four days. The plan indicates to the members and to the society the period for which employment will be available; if the employment is inadequate, the members can suggest additional programmes either in agriculture or allied industries. The objective of every co-operative is to increase the income of 90 per cent. of their members year after year. The progress achieved in reaching the objective is discussed in Chapter VI.

Some special features of Chinese Co-operatives

4.32. The producers' co-operatives in China have some features which are not found in our country. These are:—

(a) there is no federation of producers' co-operatives at the district and national levels;

(b) their annual plans are to be approved by the Hsiang Government,

(c) there is a Communist Party cell in each co-operative. Because of these features a view is sometimes expressed that there is a great deal of interference by the State and the Party in the co-operatives and they do not have a truly co-operative character and that expression 'Co-operative' is a misnomer.

4.33. There is no set or uniform pattern in which co-operatives have developed in the various parts of the world. They grow and function within the broad framework of the national policy which also undergoes change from time to time. While there is no national federation of agricultural producers' co-operatives in China, the marketing and supply co-operatives of that country have federations at the provincial and the national level and a similar organisation for producers' co-operatives would be desirable.

4.34. But we do not consider the procedure regarding submission and approval of the annual plans by the Hsiang Government to be

an undesirable feature. In a planned economy co-operatives cannot function in isolation and their programme will have to take into account the priorities laid down by the State. In a country like China, where private sources of credit and supply have dried up, the State has to play a more positive role. In India also a similar trend is in evidence. The idea of State partnership which some time ago was considered undesirable and unco-operative has been largely accepted and now forms the basis of co-operative plan. The State is willing to participate upto 51 per cent. in the share capital of societies. Although the general policy is to nominate only a third of the directors on behalf of the Government there are some States in which the entire Board of Directors of some co-operatives is nominated by the Government for a limited period. These features of our movement strike some of the well known foreign co-operators as negation of co-operation. One of them recently described the concept of State-aid and State-partnership as 'Kiss of death'. Nevertheless for the rapid economic development of our country these principles have been accepted without compromising the essential co-operative character of the movement.

4.35. We have indicated earlier that the Communist Party takes active interest in the promotion and growth of the agricultural producers' co-operatives. Almost every co-operative and every team has active workers of the Communist Party. The movement in India has, on the other hand, a non-party character. But there are other democratic countries like U.K. where the members either organise a party of their own or are active participants in other political parties. The formation of a party within a co-operative by itself cannot, therefore, be considered to be some thing which is against the tenets of co-operation.

4.36. A few of the Chinese Co-operatives seen by us each had more than 5000 acres under cultivation and had a membership of 1000. Management of such large units has tended to become complicated and active participation of members has reduced. In these circumstances the office bearers appeared to have less opportunities for direct contact with members. This has affected their understanding about the problems of the society and the attitude of members and there is also a danger of decisions being taken which may not be in the wider interest of the society. It is not possible for us to suggest the optimum size of the membership and the area pooled for our conditions. This will depend upon crops, regions and other local factors. The optimum size will have to be evolved on the basis of demonstration programme recommended by us in Chapter XI.

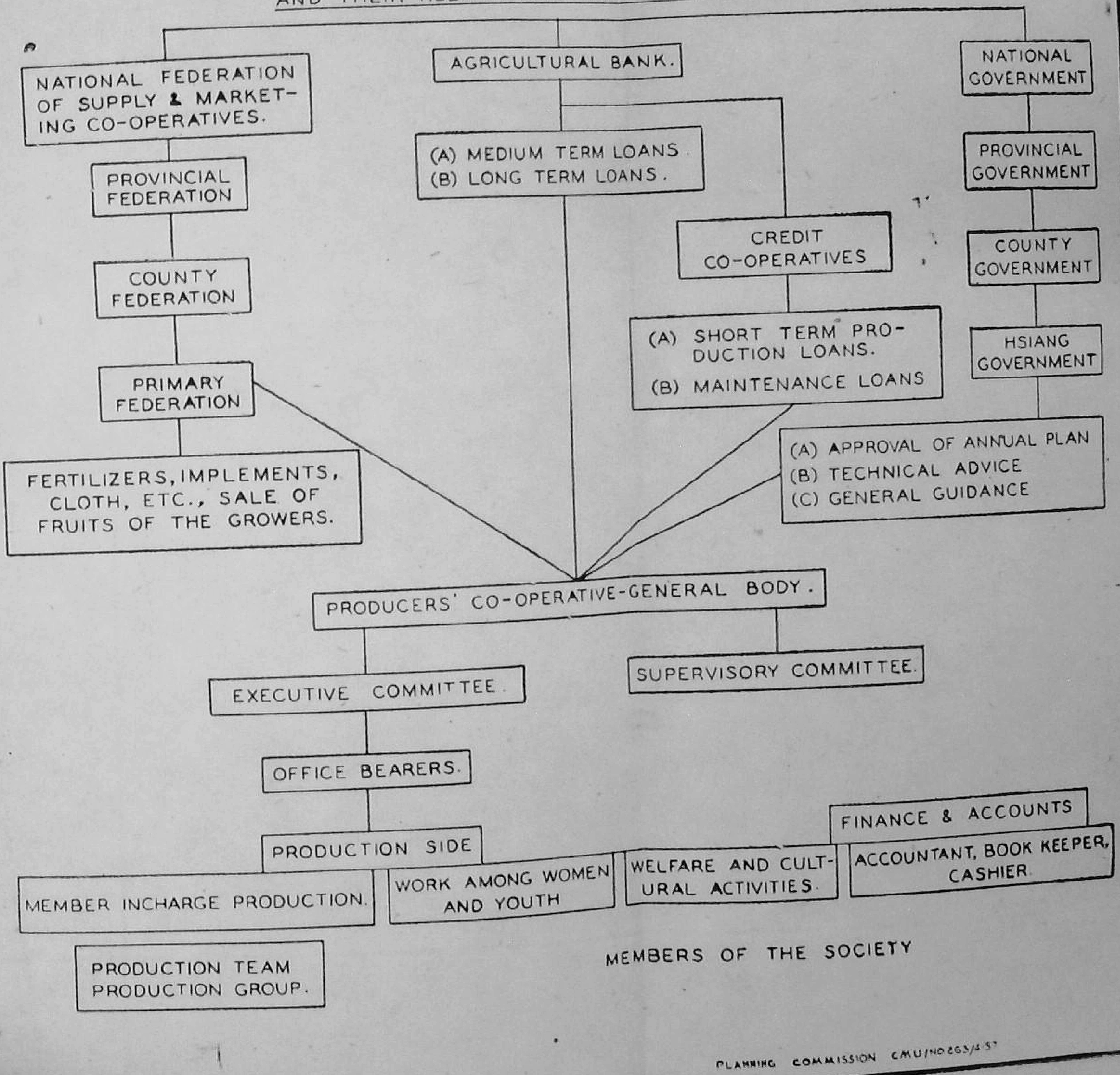
4.37. The remarkable progress of Chinese co-operatives during the last three years is due, in a large measure, to the sound practices evolved for management. The system of 'norms' for assessment of performances, distribution of work in teams and groups and fixing responsibility by introducing guarantees for output and the techniques developed for training of large number of workers, are some of the features which have considerable significance to our country. The procedure of preparing annual and long range plans and monthly as well as weekly programmes has given the Chinese co-operatives a firm basis of action and brought about a sense of unity and oneness among the members.

4.38. We suggest that the Government of India might arrange exchange of practical farmers between the two countries. A dozen workers of co-operative farming societies might be sent to China for a period of six months to study all aspects of internal organisation and management. Similarly Chinese farmers might be invited to work and assist some of the co-operative farms in this country.

4.39. We also recommend that the work of Government farms should also be organised into teams and groups and a system of assessment of output on the basis of 'norms' should be introduced. This will help not only in improving the efficiency of the farms but the experience gained will be of considerable value to the co-operative farming societies that are organised in the area.

CHAPTER IV

ORGANIZATIONAL CHART OF CHINESE PRODUCERS' CO-OPERATIVES AND THEIR RELATIONSHIP WITH OTHER AGENCIES.



CHAPTER V

ROLE OF THE STATE AND OTHER AGENCIES

In the previous chapter, we have indicated how proper system of internal management has facilitated the growth of the producers' co-operatives. In this Chapter we proceed to discuss the economic and other measures which the State has adopted for supporting the cooperatives. The part played by other cooperative agencies will also be considered. The economic policy of the State in relation to producers' cooperatives can be broadly divided into four categories:—

(i) Price support;

(ii) Supply of production requisites and consumer goods;

(iii) Taxation and other concessions; and

(iv) Provision of agricultural finance.

Assured Prices

5.2. The State is the sole buyer of all important items of agricultural produce. With the twin objects of supplying adequate quantities of food-grains to the urban population and maintenance of a stable level of agricultural prices, the State draws up every year a plan of unified purchase and sale of food grains. The purchase prices are announced well before crops are sown. The parity of prices between what the farmer produces and what he has to buy is undoubtedly an important incentive for production. Equally important is also the fact that the State has been able to reduce greatly the regional and seasonal price fluctuation in which it is the poor and small farmer who has to suffer a great deal. The range of seasonal fluctuation, which was about 100 per cent. in Kuomintang period and nearly 21 per cent. in the year 1950, we were told, has been reduced substantially for foodgrains.

5.3. The Ministry of Food now enters into a contract with the Agricultural Producers' Cooperatives to purchase a definite quantity of good-grains. The quality, the time of delivery and the responsibility for transport are properly defined. The Cooperatives receive the payment for goods delivered promptly from the Government through a large number of temporary offices of the People's Banks which are set up for the purpose. The monopoly purchases of the State are at present regulated by its policy announced in March, 1955; the important features of which are (a) the State guarantees to purchase annually from the producers a total quantity of 86·5 billion catties of foodgrains by way of agricultural-tax and monopoly purchases, (b) the quantity remains unchanged and will not be increased in the

three subsequent years, and (c) officers in-charge of procurement shall leave enough foodgrains for the consumption of the farmers. The farmers or their cooperatives are thus allowed to retain for their own consumption additional quantities of foodgrains produced by them or to sell the surplus to the State if they so desire. The threat or fear that the State would compulsorily take over the additional surplus or would not leave enough to eat has been removed.

5.4. Purchases of industrial crops like cotton, jute, tea, etc. take place through a newly set up Ministry of Agriculture Purchases, which functions through its own offices and also utilises the agency of Supply and Marketing Cooperatives. While for tea, tobacco, jute and wool, the method of free purchases and sales is adopted, cotton is subjected to a system of planned purchases. A system of forward contracts has been introduced for the industrial crops. This enables the cooperative to receive from Government in advance 25 to 30 per cent. of the estimated value of crop. In 1955, a sum of 182 million yuans (Rs. 36·4 crores) was advanced in this manner; in addition cooperatives growing industrial crops received on a preferential basis manures and fertilisers and other necessities such as cloth, etc. Half a million ton of soya-been cake and 2 million bales of cotton cloth were thus distributed in the year 1955. The State did not charge any interest on advance payments.

5.5. Market and prices are assured also to growers of fruits and vegetables. Fruits are purchased by the Supply and Marketing Cooperative Association whereas vegetables are bought by the State Trading Organisation which has its offices located in all important cities. China has certain natural advantages in disposal of these commodities because bulk of its fruit is produced in the south and moves to the colder regions of the north. The problem of providing refrigerated or iced wagons is, therefore, not so acute. Even so arrangements have been made for quick movement of fruit from Kwantung Province by running a number of special trains. As a result of these facilities, production of fruits has registered a significant increase. This may be seen from the following indices of production of apple which is one of the important crops:—

Year	% increases over the previous year
1949	100—Base year.
1950	55·7%
1951	52·7%
1952	59%
1953	22·3%
1954	27·2%
1955	18·5%

As the supply of apples, bananas and pine-apples exceeds the demand, the State has established a number of factories for utilising the surplus fruit. During the course of our visit we noticed everywhere a large and plentiful supply and consumption of fruits and vegetables.

5.6. By offering assured market and prices, the State has relieved producers' cooperatives and their members from one of the greatest worries. The cooperatives, therefore, plan production on a basis which does not fall to pieces by the operation of market forces and the members can concentrate their attention exclusively and wholeheartedly to the task of raising output.

Supplies

5.7. Arrangements have also been made to ensure regular supply of daily necessities of life as well as means of production. This function is discharged by 26,700 primary supply and marketing co-operative societies which operate 1,78,000 retail shops. The supply and marketing cooperatives accounted for 44 per cent. of the total retail sales in rural areas in 1955. This represented an increase of more than 22·5 per cent. over 1952 figures. These Societies deal with agricultural materials, farm tools, fertilisers, insecticides, building materials, means of transport, piece-goods sundry goods, medical and sanitary supplies, house-hold furniture as well as food stuffs. The quantities of oil-cakes and chemical fertilisers supplied by the supply and marketing societies from 1951 onwards are:—

Fig"res in lakh tons of 2000 lbs

Year	*Oil-Cake*	*Chemical Feritlisers*
1951	7·8	1·3
1952	26·0	3·0
1953	29·00	6·0
1954	35·00	8·0
1955	33·00	11·40
1956	33·00	17·50

The chemical fertilisers included 80 per cent. of nitrogenous fertilizers, and 20 per cent. phosphate fertilisers potash etc. The total volume of business transacted by the Supply and Marketing Cooperatives amounted to Rs. 2,300 crores in 1955. The finance necessary for carrying out these operations was provided by the People's Bank of China.

5.8. The primary supply and marketing societies are federated into 2,000 county units which in turn are affiliated to 27 federations in the provinces, autonomous regions and metropolitan towns. The provincial federations are members of the National Co-operative Federation,

which was established in July, 1954. They have a membership of 162 million. The over-all policy and guidance to the primary units is provided by National Federation through the Provincial Associations. The affairs of the National Federation are managed by a congress, which is elected by the conference of representatives on a quota basis. One delegate is allowed for every 300,000 members. An additional delegate is permitted if the number of remaining members exceeded 150,000. This congress elects by secret ballot a council of 123 members, who hold office for a period of 4 years. The executive organ of the National Federation is a Board of Directors, which is composed of 17 persons elected by a secret vote by the national congress. Besides this Board, the congress elects a committee of 7 supervisors to examine the business and financial transactions and to submit reports to the national congress and to the national council.

Policy of Taxation and other Concessions

5.9. Before liberation the Chinese tenant farmer had to pay rent, which generally amounted to 50 per cent. of the gross produce. The efforts of the Kuomintang Government to bring down the rent to 37½ per cent. proved infructuous. When the Communists assumed power, they announced tax reduction and fixed rate which ranged between 15 and 23 per cent. of the gross produce. For fostering production and promoting the growth of cooperatives the State announced in 1952 that the rate of agricultural tax will be maintained for 3 years at the level prevalent in 1952 and the State would not claim any part of production in excess thereof. Because of this policy and increase in other sources of national budget, the agricultural tax which accounted for 29 per cent. of the receipts in national budget in 1950 contributed only 10 per cent. thereto in 1956. Although the farmers and their cooperatives have the discretion to pay the tax either in cash or in kind ninety three per cent. of the total collections take place in the form of food-grains, or industrial crops. For facilitating collection of the agricultural tax and purchase of food-grains, 20,000 purchase centres have been established. Fifty per cent. of these centres have their godowns mainly built out of local resources; open space and local accommodation being utilised in other cases. A primary cooperative delivers the tax on behalf of its members whereas the advanced type of society has the obligation to pay the tax from its resources. The State Law provides that lands newly reclaimed shall not be liable for taxation in the first three years. Similarly where a cooperative raises additional crop by developing irrigation facilities, the extra-production is not subject to taxation. We have referred earlier to the

recent declaration of the State policy that the quantity levy on food-grains will remain unchanged for three years so that the cultivators can enjoy the benefits of increased production.

5.10. By and large the Chinese cooperatives carry on their cultivation without the use of mechanical aids like tractors. Only in a few places cooperatives are able to obtain the assistance of tractors from Government tractor stations. No cooperative maintains tractors of its own. This is largely due to the fact that the utility of various types of tractors and their benefits in the Chinese conditions have not been fully established and the problems of maintenance and repairs need attention which cooperatives are not in a position to afford. The State bears these risks and offers tractors at concessional rates. The State also protects the cooperatives against losses that arise as a result of acceptance of the recommendations made by the State about the new type of implements and machinery. In the North and some other parts of the country, double bladed and double wheeled ploughs were effective. A large number of these ploughs were manufactured and supplied at a concessional rate to the cooperatives in other parts of the country on the assumption that these would be equally useful. Cooperatives in Szechwan, however, found that the ploughs were unsuitable. As soon as this was noticed, the cooperatives were adviced either to transfer the ploughs to areas in which they would be properly used or to return them to the State Department of Agriculture, and claim refund of the paid amount.

Agricultural Finance

5.11. Private sources of credit dried up almost completely in China after land reform. The Government, therefore, sponsored formation of credit cooperatives, through which loans for production and other purposes were supplied to individual cultivators. The credit cooperative societies obtained funds from the People's Bank, which also made direct medium-term loans. Total advances thus made which in 1950 were of the order of Rs. 40 crores increased to Rs. 80 crores in 1951. By 1952, there was further increase in the demand for loans needed for making improvements and meeting consumption needs because 40 per cent. of the total peasant house-holds had joined mutual-aid-teams. The total credit supplied in the year 1952 and 1953 increased to Rs. 214 and Rs. 252 crores respectively.

5.12. Before launching the campaign for organising agricultural producers' cooperative in 1955 the State streamlined the machinery for providing agricultural finance. A separate Agricultural Bank was

established in March, 1955. To it were entrusted the functions which were discharged by the People's Bank. Under the new arrangements, producers cooperatives can get loans from the Agricultural Bank for making permanent improvements such as construction of irrigation works, purchase of large-farm tools and draught animals. Funds needed for buying of seeds, fertilisers, small farm tools, are obtained by the producers' cooperatives from the cooperative credit societies which also give maintenance loans to individuals directly.

5.13. Nearly 77 per cent. of the total rural households in over 95 per cent. of the Hsiangs, have joined the credit cooperatives, whose number exceeds 110,000. At the time of admission, a member has to pay entrance fee of 10 cents (about 3 annas) and has to buy a share the value of which ranges between Rs. 4 to 10. A Credit Cooperative grants maintenance loans for purchase of food-grains, furniture and clothing. Advances are also made for payment of school fees and for meeting the cost of medical treatment, marriage and funeral rites. Loans are available for developing subsidiary occupations. Although everyone in China tries to keep the unproductive expenses to the minimum, some expenditure becomes inevitable and the machinery of credit cooperatives stands ready to help the farmers out of such difficulties. We found for instance, that the credit co-operative in Liu Chian Hsiang Liaoning Province advanced a loan of 30 yuans (Rs. 60) to one of its members (who was an ex-landlord) for medical treatment of his ailing son. It also made a small loan to another farmer for purchase of furniture. Another credit cooperative in Szechwan advanced a sum of Rs. 10 to one of its members for payment of school fees of his child. Credit cooperatives encourage the habit of thrift among the members and offer 6·12 per cent. interest on one year deposit. Short period deposits of one month and more are also accepted and the rate of interest varies between 2·9 to 6 per cent. For serving their members more efficiently, the credit cooperatives have adopted the following measures: (a) the societies work in evenings so that members may transact business without losing any working time; (b) refund of deposits before the due date is permitted to avoid hardship to the needy and also to create among the members a feeling of confidence; (c) instead of siting in the office awaiting business a staff member of the credit society approaches the members and the producers' cooperatives to ascertain and meet their requirements; (d) credit cooperatives maintain close contact with the Agricultural Producers' Cooperatives and are able to realise their loans when final accounts of members are settled at the end of the harvest.

5.14. During the year 1956, there was a plan to advance a sum of 3·2 billion yuans or Rs. 640 crores. This is in the nature of the maximum limit which includes the amount outstanding at the end of the previous year. We were told that until August 1956, the total amount of loans had reached the figure of 2·8 billion yuans or about Rs. 560 crores. Some idea of the magnitude of the volume of credit can be had from the figures of loans advanced during the first half year ending June, 1956 in the following provinces visited by us:

Liaoning	51·5 million Yuan	or	Rs. 10·30 crores.
Szechwan	109·1 " "		Rs. 21·82 "
Chekiang	58·3 " "		Rs. 11·66 "
Kiangsu	115·5 " "		Rs. 23·10 "

The loans were advanced for (i) equipment and capital construction, (ii) production expenses and (iii) maintenance. The following breakup in respect of the above items in terms of percentage was available.

Name of State	*% of loan for equipment and capital construction*	*% of loan granted for production expenses*	*% of loans for maintenance*	*Total*
Liaoning	32	42	26	100
Szechwan	19	61·8	20	100
Chekiang	29	37	34	100
Kiangsu	23	37	40	100
Average for 4 prov	25·7	44·2	30·0	100

5.15. The rates of interest charged by the Agricultural Bank directly and by credit cooperatives are uniform throughout the country. Producers' cooperatives pay 5·76 per cent. interest in per annum on productive loans for farm equipment and permanent improvements. Short-term advance for seeds and fertilisers are made at the same rate but for unproductive loans to individual members the rate of interest is 8·64 per cent. Amounts to poor persons for purchasing

shares in the agricultural producers' cooperatives are loaned at a concessional rate of 4·8 per cent. The rates mentioned above were introduced from March, 1956. Earlier the cooperatives and the members paid interest at 15·6 to 18 per cent. per annum. The sharp reduction in the lending rates and the introduction of uniform rates in the whole country have diminished the margin of profits of the credit cooperatives and many of them are running into losses. Measures for economy and improving the efficiency have been adopted; but credit cooperatives are not likely to be self-supporting before 3 years. The Government has, therefore, earmarked a sum of 40 million yuans (Rs. 8 crores) as subsidy in 1956 budget and given an assurance that similar aid will be provided in 1957.

Loan procedure

5.16. The procedure for obtaining financial accommodation by the producers' cooperatives is expeditious and loans can be had in three or four days. Every cooperative has a plan of production, which is approved by the general committee and sent simultaneously to Hsiang Government and the Agricultural Bank. If the programme has the approval of the Hsiang Government and the Agricultural Bank the latter sanctions an overall credit limit against which loans are granted from time to time. The Bank does not insist on any security or guarantee before making such advances. The Bank authorities with whom we discussed the matter apprehended no difficulties in realising the large amounts that have been advanced to the cultivators. They stated that deliberate defaults were nominal—less than 5 per cent. and the Bank did not propose to take legal action against such defaulters immediately and it would try persuasive methods for recovery. The officers of the Bank and the credit cooperatives appeared confident that the cooperatives and the individuals will pay off their loans out of the increased production. The idea of large losses or bad debts seemed unreal to them.

5.17. In brief, the Chinese Government had succeeded in establishing an efficient machinery for providing agricultural finance to the cultivators and the producers' cooperatives. It would be recalled that the total cultivated area in China is slightly less than that of our country. The Rural Credit Survey Committee recently estimated Rs. 750 crores to be the requirements of agricultural finance of Indian cultivators and only 6 per cent. of the needs are met by the institutional agencies, *viz.*, the State and the cooperatives. This has to be

compared with the figure of Rs. 560 crores, loaned out in China by August, 1956. Their system of offering assured market and prices for major crops and advance payments for meeting part of cultivation costs of individual crops, has lent a great deal of strength and protection to the producers' cooperatives.

CHAPTER VI

PERFORMANCE OF PRODUCERS' COOPERATIVES

Ideological and other considerations apart cooperative farming societies in China can be considered successful only if they satisfy the following tests:—

(a) Whether they have led to increase in production?

(b) Whether such increase could not be effected in any other manner?

(c) Whether they have provided more employment, larger income and better living?

(d) Whether they have contributed towards a better social and cultural life?

6.2. During the course of our tour, we visited 19 cooperatives that raised all the important crops we are familiar with in this country. These include wheat, maize, jowar, rice, ground-nut, rape seed, cotton, tea, jute, vegetables and fruits. This chapter will first attempt to answer the above questions on the basis of results achieved by 19 cooperatives. The overall position obtaining in some of the Provinces in which these societies are located as also in the country as a whole will be discussed subsequently.

6.3. The average holding per household in the societies visited by us ranged between 1·2 and 2·5 acres. The area pooled by members of the societies ranged between 60 and 6,000 acres. Though we saw some bad societies, barring one, the remaining 18 societies showed an increase in overall production and yield per unit. The rate of increase differed from region to region as also by crops. Within the same region some crops and some cooperatives showed better results than others. Three conclusions, however, emerged clearly, *viz.*, the present yields generally are better than those of (i) pre-war, (ii) 1949 (year of liberation), and (iii) 1952, when the Mutual Aid teams were in full swing. The lowest percentage increase was in the Szechwan Province as compared to the cooperatives in Province of Liaoning, Shanghai, Kiangsu, Chekiang and Kwantung. The low rate in Szechwan is attributable to two factors: (a) the old irrigation system of over 2,200 years available to cooperatives which leaves little scope for further irrigation (b) the relative infancy of the cooperatives most of

them being organised in 1955. Nevertheless the fact remains that co-operatives in this area have helped their members in increasing the level of output. For instance, the yield of paddy per Mou in Young Feng Cooperative No. VII in Kwan County increased from 520 in 1952 to 600 catties in 1955. Sing Ming Cooperative on the other hand reaped 625 catties of paddy per mou in 1955. The yield figure for 1953 and 1954 was 630 catties and 580 catties respectively; the 1955 yield represented a fall of 5 catties over 1953. In spite of the lower rate, the total output and the income of the members increased because the 1953 yield was an average of 102 mou cultivated by one team whereas 625 catties of 1955 represented an average of 1,100 Mou a part of which included inferior quality land which earlier yielded very much less.

6.4. In the villages seen by us production of food-grains increased by 15 to 30 per cent. after the formation of cooperatives. This occurred over a period of 2 to 3 years. Increases in cotton, tea and vegetables were more marked. Of the two cotton growing cooperatives around Shanghai, yields of cotton (unginned) improved between 1952 and 1955 in one from 100 catties per Mou to 180 catties per Mou and in another from 80 catties to 316 catties. The output of processed tea in October Tea Cooperative of Chekiang increased from 110 catties to 143 catties during the same period. Production of vegetables in the Cooperative in Liaoning Province showed an increase of nearly 50 per cent.

6.5. In this connection one of the questions that may legitimately be asked is, what is the basis of these figures and how far are they dependable? Figures for pre-war or 1949 are estimates furnished by the office bearers and others from memory and there may be an element of underestimation. Figures for 1952 are based on (i) the actual output reported by mutual aid teams which existed in most villages, and (ii) production estimates made by the Government in 1952 in connection with the fixation of the average output for determining the quantum of agricultural tax. It has been indicated earlier that co-operatives pay their members on the basis of actual performance and many of the teams guarantee output as a result of long term contract. Even otherwise payment for harvesting, threshing, transport is related to the quantity. The figures for 1955, therefore, represent the actual quantity which can be verified from the payments received by the workers. The increased output has also been reflected in larger marketable surplus. For instance villagers who are now in Lien Min Cooperative in Kiangsu Province sold 1·26 million catties of food-grains in 1950 whereas in 1955 sales amounted to 2·85 million catties.

Similar trend was noticed by us in Liaoning Province although comparable figures for every cooperative were not available because of the administrative reorganisation of Hsiangs.

6.6. In this connection it is necessary to recognise that China was in a disturbed condition ever since 1911 and the level of output in 1949 was low. A Government, which restored peace, law and order and curbed inflation was bound to enjoy the confidence of the cultivators. Under such conditions individuals are bound to produce more even without the cooperative agency. It would, therefore, be a mistake to say that the entire increase in production from 1949 is because of the cooperatives. Allowance has been made for this factor by taking 1952—3 years after liberation as the base for comparing the results. Further more, instead of depending merely on figures, we tried also to see for ourselves the measures, which brought about the higher yields. After taking all these factors into consideration our conclusion is that production has increased. A small part of the increase in production in 1954 a fair part of it in 1955 and a large part of it in 1956 is due to the cooperative form of cultivation.

Methods for Increasing production

6.7. The next question that deserves consideration is:—could not this increase be had by the Chinese farmer joining the credit and marketing cooperatives although cultivating the lands individually? Output, in the ultimate analysis, is the combined result of the main factors of production, *viz.*, land labour and capital. The motivating factor of "Organisation" is what is symbolised in the cooperatives. We have, therefore, to see whether and to what extent the cooperatives have led to better organisation of the means of production.

6.8. The methods employed by the Chinese cooperatives for increased production can be broadly classified into the following categories:—

(i) Increase or better use of irrigation facilities.

(ii) Measures of land improvement and reclamation.

(iii) Better seeds.

(iv) Intensive use of manure and fertilizers, and improved cultural and other practices.

Irrigation and land improvements

We found that the Cooperatives of Liaoning Province and Shanghai laid considerable stress on increasing irrigation. In Liaoning, one cooperative constructed in a period of 18 months, 128 small new wells each irrigating 1·5 to 2 acres. Another cooperative

installed two electric pumps of 40 and 50 H.P. which irrigated 900 Mou (150 acres or 6 per cent. of the total area). The third had installed a pump run by steam engine which irrigated 189 mou (47 acres or 13 per cent. of the area). The area irrigated was utilised for growing paddy which was introduced for the first time in this dry jowar—millet tract. The fourth cooperative dug up 34 small wells and 4 new tanks. Around Shanghai members of Yu Ye Cooperative who had pooled 2,500 mou could irrigate only about 1,000 mou. Even these were not dependable as wind mills, manual labour and cattle power were used for lifting water. In 1955, this cooperative installed three electric pumps and purchased one portable diesel pump by an investment of 9,000 yens (Rs. 18,000). Eighty per cent. of the area cultivated by this cooperative has now irrigation facilities. But for the cooperatives it would have been beyond the means of the average small individual cultivators either to construct so many small wells or to have installed large machines over such a short time.

6.9. Cooperatives have been able to increase the cultivated area in two ways (i) Reclamation of waste lands, (ii) removal of unnecessary boundaries. The Road to Happiness (Liaoning) Cooperative reclaimed 170 mou of land. The Singh Ming Cooperative (Szechwan) succeeded in clearing 46 mou of rotton grassy lands and wiping out insects from another 50 mou. This resulted in more employment to the under-employed, larger output and more income. The Anjen Hsiang Cooperative (Szechwan) and the Road to Happiness Cooperative added 2 per cent. and 1·5 per cent. area when they removed some of the boundaries which were maintained merely for identification of individual plots.

6.10. The river near Lien Min (Kiangsu) village which had not been dredged for thirty years and had ceased to give any benefit for irrigation was dredged by the cooperative because it could organize the labour force. Lot of mud was taken out and put on embankments of the river. In this process and for providing drainage facilities 40 mou of cultivated lands was lost: on the other hand the loss of the area was more than compensated by the availability of irrigation for 1,000 mou. Similarly Chang Chia-lou Co-operative near Shanghai found that only 30 per cent. of the cotton area had proper drainage. The labour force was organised and improved system of drainage was provided to 80 per cent. of the cotton area.

6.11. The Chinese farmers, especially poor ones, had considerable difficulty in obtaining improved seeds. No doubt some of them set

aside a part of the grain harvested from their field for this purpose, but it was not of standard or good quality. Every cooperative visited by us had earmarked separate plots for raising improved seeds. The nucleus seed was obtained either from the experimental station or from a technique popularisation station or a neighbouring cooperative, if it had high yielding varieties. Improved varieties of seed are thus extended to the entire area covered by the cooperatives. By using better seeds the members of a cooperative near Sian (Shensi Province) secured an increase of 50 per cent. in the yield of wheat. Use of improved varieties of cotton-seed was one of the principal reasons for a significant increase in output, in Yu Yi Cooperative near Shanghai.

6.12. The Chairman of Lien Min Society evolved a method of seed selection and transplanting, which combined with better cultivation methods resulted in increasing the average yield of non-glutinous type of paddy from 550 to 600 catties a mou to 700—900 catties. Not only did this method raise the yields, but it also brought about a reduction in the seed rates by half, *viz.*, from 15 catties to 7·5 catties a mou. The new method needed for transplantation a much larger labour force. This was beyond the capacity of the individual farmer. The formation of cooperative enabled the members to sow 3,700 mou with this improved variety which is known as Lao Lai Ching (Green at old age). The seed is carefully selected every year. Before use it is soaked and kept in salt water (Maximum 20 catties of salt plus 100 catties of water) for 3 minutes. Empty seeds that float up are rejected and those at the bottom are utilised.

Intensive effort for collecting and applying manure

6.13. The Chinese have a long tradition of collecting and using manures very diligently. They utilise all sorts of waste material and night-soil. Their practices are more effective and intensive than those of an average Indian farmer. Before cooperatives were formed there were local variations in every Chinese village; there were poor farmers who applied very little manure; if at all, small quantities of night-soil was used. The well-to-do bought manure and at times used it in quantities not always necessary or conducive to production. All the Cooperatives, we saw, had organised a drive for collection of manures and its rational application. Green leaves, other rubbish, pig-manure, silt from tanks, and mud from river, urine-earth from the lavatories were utilised. Green manuring had been extended. The quantity of manures used is indeed so large and the human effort involved therein, is so great that at the outset a visitor is left wondering how all this is achieved.

6.14. At Woo Ga Da Cooperative in Chekiang Province the following figures regarding dosage of manuring were supplied to us.

I. *Single paddy crop per Mou*

(a) Basic Manure:

(i) River Mud	18,000 catties
(ii) Green manure	1,500 catties

(b) Additional Manure:

(i) Ammonium Sulphate	8 catties
(ii) Pig manure	960 catties

II. *Double Crop—Early paddy per Mou*

Dosage as for Single paddy crop.

III. *Double Crop—Late paddy*

(a) Basic manure not applied.

(b) Additional manure:

(i) Ammonium Sulphate	6 catties
(ii) Pig manure	960 catties

Some of the members of our team visited the river and saw the method of collecting river mud. It was found that the work was assigned to a few members of the team. Each carried on his shoulder two buckets attached to a horizontal pole. Every bucket weighed approximately 60 catties. One person could thus transport 120 catties of mud in a trip. Standards of performance had been laid down on the basis of the distance that a person had to cover from the river. Upto 50 steps 100 loads had to be carried in a day. For 150 steps 60 loads and for 200 steps 50 loads had to be delivered. This meant that a person would carry about 9,000 to 12,000 catties of mud in a day, thus enabling him to earn 10 work units.

6.15. The Fifteenth Cooperative of Show Hsiang in Fu Yang Country (Chekiang) had worked out its own manuring Schedule which included:—

I. *For early double cropped paddy.*

(a) Basic Manure per Mou:

(i) Alfalfa	1,500 catties
(ii) Refuse from pig sty for bad land	1,000 catties

For good land only 500 Catties.

(*b*) Additional manure:

(*i*) Ammonium Sulphate	6 Catties.
(*ii*) Alum	6 Catties.
(*iii*) Lime	130 Catties.

II. *For Late paddy per Mou*

(*a*) Additnal manure :

(*i*) Green Manure	1,000 Catties.
(*ii*) Lime	130 Catties.
(*iii*) Ammonium Sulphate	6 Catties.

The October Tea Cooperative (Chekiang) applied manure at the following rates :—

Tea Crop—per Mou

(*i*) Basic Manure :	
(*a*) Rape-seed and bean-cake	360 Catties.
(*b*) Ammonium Sulphate	40 Catties.
(*ii*) Additional Manure :	
(*a*) Bean cake	100 Catties.
(*b*) Night Soil without bean cake	8,000 Catties.

Tung Fang Cooperative near Peking followed the schedule as under :—

Cotton

(*a*) Basic manure compost	10,000 Catties.
(*b*) Additional manure :	
(*i*) Bean cake	100 Catties.
(*ii*) Ammonium Sulphate	30 Catties.
(*iii*) Super Phosphate	20 Catties.

Maize

(*a*) Basic manure	10,000 Catties.
(*b*) Additional manure :	
(*i*) Ammonium Sulphate	40 Catties.

Kaoliang (Jawar)

Compost	10,000 Catties.

No additional manure.

Yu Yi society near Shanghai had the following schedule of manuring :—

Paddy (Per Mou)

Ammonium Sulphate	10 Catties.
Super-phosphate	15 Catties.
Granulated Manure	75 Catties.
Compost	3,000 Catties.

Additional 3,000 catties per Mou if paddy was grown after wheat.

Cotton (Per Mou)

Soyabean cake	17 Catties.
Super-phosphate	10 Catties.
Ammonium Sulphate	8 to 10 Catties

for cotton after wheat 2,500 to 3,000 catties of compost to be added.

Wheat (Per Mou.)

Pig and sheep dung	3,000 to 3,500 Catties.
or River mud	12,000 to 15,000 Catties.

No chemical fertilizers were used for wheat whereas night soil and cattle dung were utilised for vegetables.

6.16. Cooperatives near the large towns made special arrangements for obtaining the nightsoil from the cities. Cooperative near Dairen sent every day 50 persons for collection and transporting nightsoil from the town whereas another cooperative near Shanghai maintained a fleet of boats for facilitating transport of nightsoil. It also secured the manure from the fertiliser company, which has been recently established for ensuring proper disposal of large quantities of sewage and nightsoil of Shanghai city which has a population of nearly 7 millions. It is doubtful if individual farmers would have been able either to collect such large quantities of manure or be able to apply them rationally.

Improved cultural practices

6.18. Cooperatives have increased the area under double crops. One of the cooperatives in Chekiang Province increased the double cropped area from 57 to 531 mou, because it was able to instal a pump for providing irrigation facilities. For raising two crops, the general pattern around Shanghai was rice after wheat or wheat followed by cotton. More recently there was an increasing tendency to raise two crops of paddy in succession. For this, two methods were adopted (a) to transplant the second crop of rice between the rows of the first crop a month before harvesting; this is known as the alternative system, (b) to plant a second crop immediately after harvesting the first. Yields in the alternate system are slightly lower than the outright method of second crop. But in both cases, the total yield was nearly 20—30 per cent. higher than that of a single crop. The limit to the extension of the area under the second method is set mainly by the fact that only a few days are available for sowing the second crop of paddy around the 10th June. Late sowing reduces yields because the crop has to thereby encounter low temperatures in October and November. This is avoided by the Cooperative which keeps a large number of people ready for preparing the land after harvesting the first crop, and transplanting it with paddy from a previously prepared seed-bed. The farmers of Lien Min village had also talked of introducing wheat as a second crop. No one however came forward to undertake the experiment as it was felt that the crop will exhaust the soil and it will require more labour. The small individual farmer further felt that there was an element of risk which he could not afford to take. The cooperative shared the risk among all the members and introduced wheat cultivation.

6.19. Cooperatives in Liaoning Province are trying to substitute high yielding crops like Maize for Jowar and other millets. A co-operative in Szechwan Province reduced the planting distance between paddy plants from 15″ to 10″ and raised the yield. The land pooled by "Road to Happiness" society was usually ploughed once a year by the individuals in the month of April. After the organisation of the cooperatives they were able to give a second ploughing to half of the total cultivated area before winter. This improved the fertility of the land and destroyed a lot of harmful insects.

6.20. The large increase in cotton yields of Cooperatives of Shanghai area was also partially due to the fact that new cultivation practices were extended. These included deep ploughing, early and close-sowing, more weeding, systematic thinning and pruning of the branches. The trial and subsequent adoption of improved methods become easier in Cooperatives because one or two members of each team first learn the new practices and teach them later to the other members.

6.21. We also noticed a few examples of the role that cooperative farming societies can play in reducing the rigours of natural calamities and in fighting emergency. The 'Yu Yi' Cooperative near Shanghai experienced torrential rains in 1954 and the fields were flooded. The Cooperative organised teams for constructing ditches and arranged to release the water, which individually would not be possible. The water logged area was also speedily cleared by the teams after the rains. The members of 'October-Tea Cooperative' in Chekiang Province lost almost the entire tea crop of 50 mou in 1950 because it was infested with insects which ate the young leaves, the tree and the bark. The damage affected the yield in the next 3 years also. The insects re-appeared on 400 mou in the year 1954. By that time the Cooperatives had been formed. The cooperative pooled the entire man-power of the village and sent 500 persons for catching the insects. The drive was successful and the crop was saved and 2,000 kilogram (4,400 lbs) of insects were collected and destroyed. The Tung Fang Cooperative of Hopei Province tackled the problem of insect pests of cotton differently. It purchased and used insecticides worth 10,000 yuans (20,000 rupees). This would have been beyond the means of individuals. This village, in addition had excessive rains for 3 years in succession. Although the damage could not entirely be prevented the Cooperative was able to put up a diversion canal to let out the water and loss was minimised considerably.

6.22. Production in a village is affected adversely to some extent because lands held by some individuals are not properly cultivated on account of certain handicaps which they find it difficult to surmount. This includes illness of the principal working members or members of the family, lack of draught animals and loss or death of the working members. The cooperative farming societies reduce the impact of such hardship and can look after the fields neglected by individuals more efficiently. We came across an instance of this category in Sing-Ming village where the out-put from a rapeseed field cultivated by a widow increased from 75 to 105 catties per mou, after she had joined one of the cooperatives.

Some weaknesses

6.23. While the examples mentioned in the previous paragraphs bring out some of the factors, which contributed to increased production, we also saw two cooperatives where these results were not achieved. The lack of progress in one was attributed to the following factors:—

(a) Although the normal seed rate for paddy was 5 catties to a mou, the office-bearers came to the conclusion that the rate was too high and without thorough investigation decided to cut the seed rate to 3 catties. This reduction proved too drastic and lowered the yield. (b) Too much fertiliser was used on paddy seedlings and there was a shortage of manure for other crops. (c) Satisfactory arrangements for storing 1,500 catties of seed potatoes were not made and the quality deteriorated at the time of sowing. (d) Norms were not properly fixed and labour distribution was defective. For example, work-units for weeding were kept so low that the members failed to take to this essential operation. The Second Cooperative had no draught animals. It had invested too much money in the purchase of pigs and in developing other subsidiary occupations. The land was cultivated by manual labour and the standard of cultivation and management was unsatisfactory. It will thus be seen that there are good and bad societies in China, but the number of good societies was larger and those which did not work well formed about 15 per cent. of total.

Employment and income

6.24. It is necessary now to assess the effect these cooperatives had on the employment. It is very difficult to make accurate estimates of employment and income. Comparison with earlier period becomes more difficult as no reliable data are available. We however found

that on an average 1·75 persons per household were employed by the cooperatives. This rate is not uniform and there were regional variations. For instance, in Liaoning and Hopeh Province employment was found for 1·5 per household. The lower average in these areas appears to be due to two factors: (i) lack of irrigation facilities, and (ii) relatively larger use of animal power for draught purposes. In Szechwan, Chekiang, Shanghai and Kwantung the average number of persons per family who had found work in the cooperatives tended to increase to 1·75 or 2. There were a few cases where the rate was 2·25 to 2·5. This is probably due to the fact that more than 50 per cent. of the area is double cropped. Shortage of animal power is another factor which accounts for the larger ratio.

6.25. The period of employment in a year ranges between 150 and 300 days. On an average employment is found by the cooperatives for about 200 days. Increased opportunities of employment to women is one of the outstanding features of cooperatives. Every cooperative visited by us had a larger number of women members who participated in agricultural and other operations. The ratio of female workers to male labour force was 2:3. Here again, variations were noticed in the north and the south. In the north for every two male workers there was one woman. In the South, the number of male and female workers was more or less equal. The period for which the women get employment from cooperatives is, however, considerably less than that for the male members, it was about 50 to 60 per cent. It is however necessary to add that besides working in a cooperative, women spend a part of their time in the kitchen gardens. Some women also raise poultry and pigs. These activities are a source of additional employment and income.

6.26. The earnings of members per day ranged between 0·70 yuan (Rs. 1-6-0) to 3·9 yuan (7-14-0). Higher rates prevailed in cooperatives growing vegetables, fruits and other commercial crops. Primary cooperatives paid the wages at rates which were lower than the advanced cooperative because a part of the income was distributed by way of land dividend. Although generalisations are difficult, it appears that the value of a labour day (of 10 work-units) was around 1·5 yuan, (Rs. 3). The average Chinese family of the cooperatives visited by us earned about 400 to 450 yuan in a year; 300 yuan being received by the male members and about 100 to 150 yuan by the female members of the household. The present level of income represents an increase of about 13 to 15 per cent. over 1952. The income figures include earnings from subsidiary occupations which the producer cooperatives

are trying to promote according to local conditions. Carting, raising of pigs and sending men to works of local construction are activities which most of the cooperatives had undertaken. One cooperative had organized some of its members for making mats and baskets. Carpentary was encouraged by another. Small rice mills were operated by three cooperatives. One of them had a small hydro-electric plant. The tea cooperative had 360 ovens and 13 drying machines for tea processing. A cooperative enlarged employment opportunities for its members by organising six brick kilns and by starting two small factories for making bean noddles. The cooperatives have however yet not paid much attention to dairying. The use of milk is almost unknown in the countryside and animals are raised mainly for draught purposes. We saw only one society, near Peking which maintained 217 dairy cows. We also got an impression that in Liaoning, adequate attention had not been paid to develop the subsidiary occupations. This may be partially due to the fact that they were at first concentrating attention on increasing irrigation facilities. On the other hand we found greater importance being attached to the promotion of subsidiary industry in the South. This may be partly due to the fact that rainfall is more abundant in the south and irrigation facilities are also available, and the scope for employing men on irrigation and other construction activities is somewhat restricted.

Welfare work and Community life

6.27. Every Cooperative sets aside about 2 per cent. of its profits for welfare activities. The amount is utilised for (a) meeting part of the expenses for cultural activities and (b) assisting people who are infirm, invalid or are otherwise physically handicapped. Some of the Cooperatives visited by us maintained nurseries where the children of the working women are taken care of. The Lein Ming Cooperative which has a working force of 729 women had 14 such nurseries caring for 111 children. As China had a large number of illiterate people considerable attention had been paid by cooperatives to adult education. Night schools and spare time schools are run by every cooperative regularly. Classes for women are held at noon time. By adopting these measures one cooperative, the Friendship Farm, reduced the percentage of illiteracy from 70 to 20. Reading rooms and library facilities were also being provided by most of the cooperatives. Medical and first aid facilities were a common feature.

6.28. Cooperatives encourage sports and cultural activities. Among the games basket ball appeared to be quite popular in the countryside.

Theatre groups and dancing clubs had been set up by the larger co-operatives. Cooperatives thus function as an integral part of the community. It is however necessary to recognise that they finance welfare and cultural activities out of production and larger income. Expenditure on unproductive items such as furniture is kept to the minimum.

6.29. We have mentioned in chapter I that before proceeding to a village to study the working of cooperatives we discussed the progress of movement in every province with the workers of the provincial headquarters. Sometimes these talks were resumed after completing the visits. The important points which emerged during these discussions are: the percentage of rural household who are members of cooperative exceeded 90 in all States except Szechwan where the figure was 82. Although a large part of this increase occurred during the period of high tide, *viz.*, September 1955 to July, 1956, the improvement represents cumulative effect of work done in the last 5 years. Many farmers had first joined the mutual aid teams or a small primary cooperative and learnt to work together. Sixty per cent. of the rural household in Shanghai, fifty nine per cent. in Chekiang and about sixty per cent. in Kiangsu had been organised in this manner before 1955. For the country, as a whole, the position was as follows:—

Year.	*Percentage of total Rural Households organised in Mutual aid teams or cooperatives.*	*Percentage of rural households who were members of Cooperative Societies.*
1950 . . .	10·7	Nil
1952 . . .	40·0	0·1
1953 . . .	39·5	0·2
1954 . . .	60·3	0·2
1955 . . .	64·9	14·2
1956 July . .	92·0	92·0

6.30. Our visits to the cooperatives also confirmed the fact that most of the cooperatives had first worked as mutual aid teams for two or three years, although there were persons who joined the co-operatives without going through the stage of a Mutual Aid Team. The benefits of the drive launched in September, 1955, it will be seen from the table given above, were two fold, (a) The percentage of organised farmers increased by 27 per cent. (b) a more effective and vigorous organisation in the form of producers' cooperatives was substituted for the mutual aid teams. This process was neither sudden

nor sporadic; on the other hand it had been planned with considerable care and each stage became an important landmark in the gradual but speedy development of Chinese agriculture.

Achievement of co-operative Organisation

6.31. By pooling land and labour cooperatives evolved programmes of work which enabled the members to utilise their spare time specially during the winter slack season. Impetus to this activity was given by the liberal credit policy of the State. As a result in Liaoning province alone 300,000 wells and 10,000 small dams were constructed in one season, and the total irrigated area increased from 1·9 lakh hectares to 3·9 lakh hectares—a rise of 100 per cent. For conservation of night soil 100,000 lavatories were constructed. Seventy per cent. of the total manure required in the next season was collected in advance. In Chekiang province the double cropped areas went up from 0·9 million mou in 1955 to 7·0 million mou in 1956. In Kiangsu, 2·1 million acres were converted from dry to wet cultivation and a second crop of wheat was raised on another 3 million mou. Irrigation works executed in this province during (winter 1955 to spring 1956) exceeded the total quantity of similar works carried out in 3 previous years. In Kwantung irrigation was provided to four million mou of dry land. In addition existing irrigation facilities were improved on six million mou. Because of the participation of the farmers the manure collection in spring 1956 was 2·5 times more than the collections of the same period in the previous year.

6.32. The performance for the country as a whole during the period of high tide, we were told, was equally impressive. Irrigation facilities were expanded or improved on 100 million mou or 16 million acres. The work carried out in one season was larger than the total of similar programmes executed in the previous six years. High yielding crops like maize and potatoes were substituted for small grain crops on 46 million mou in 20 provinces.

6.33. The Chinese are developing agricultural cooperatives without using large machines such as tractors etc. They realise that machinery cannot be introduced rapidly. By the end of Second Five Year Plan they estimate that the acreage of land cultivated by machines will be only 1/10th of the total land under cultivation. By 1962 each mou of land will get only 3·3 lbs. of chemical fertilizers. Under these circumstances the main method of increasing production in the First as well as Second plan is to raise per acre yield by such means as irrigation, water conservancy works, more manure to the land, ameliorating the soil, improved seeds, use of new type of farm tools

and preventing plant disease and insect pest. This approach has already shown results which are considered by the Chinese to be quite satisfactory. An idea of the progress made so far can be had from the following data:—

	1949	1952	1955
I. *Area (million acres)*			
(*a*) Net cultivated area (accumulated)	241·8	266·6	272·1
(*b*) Irrigated Area	50·0	57·7	64·4
(*c*) Area cropped more than once	N.A.	130·9	137·2
II. Production (million tons)			
(*a*) Food Crops	106·4	151·9	172·0
(*b*) Paddy	47·9	67·3	76·8
(*c*) Wheat	13·6	17·8	22·6
(*d*) Cotton	0·4	1·3	1·5
III. Yield per acre in Lbs.			
(*a*) Food Crops	949·0	1226·8	1317·8
(*b*) Paddy	1688·6	2151·7	2386·6
(*c*) Wheat	572·9	632·5	766·3
(*d*) Cotton	144·6	208·8	234·0

6.34. The Chinese have treated 1952 as the base year. The figures for 1955 show an increase both over 1949 as well as 1952. The Chinese grow on each acre twice as much paddy and cotton as we do in India. Significant increases in production are likely to occur in future. This will be due to two important factors (a) many of the cooperatives which have come into existence in the last 15 months will have become more effective in organising manpower and tapping local resources and (b) liberal credit and price support policy of the State.

6.35. Although the average output of paddy in China is very much higher than in India the yields are still considerably lower than those obtained by Japanese farmer who is able to raise about 5,000 lb. of paddy per acre. The higher yields in Japan can be attributed to the assured and evenly spread out rainfall and very large use of fertilizers, insecticides and agricultural machinery.

6.36. The foregoing account establishes that there has been an all round increase of agricultural production in China. The land reform undoubtedly achieved its main purpose, *e.g.*, release of production forces in the agricultural Sector. But the cooperative helped a great deal in organising these forces to secure a significant increase

in agricultural production. Prior to Liberation, China was a regular importer of food grains to the extent of about 2 million tons. It also imported large quantities of cotton. Today it has not only met all its deficit of food but is also exporting a small quantity of food grains. It meets all its requirements of cotton also.

6.37. We might add that we did not notice any signs of starvation or malnutritism in the country side; on the contrary people appeared to be everywhere well fed and explained to us that they were much better off than before. They also produced material evidence of their prosperity and showed us warm clothing, furniture etc. Some of the increase in their standard of life was no doubt due to the distribution of material goods during land reform. Along with land and rooms belonging to the landlord his surplus grains, cattle, implements, utensils and articles of furniture etc., were also distributed but there was also other evidence to indicate a significantly higher level of earning than before. In our view this shows that cooperatives were not only instrumental in securing increases in production but also that their members are working enthusiastically without inhibitions.

CHAPTER VII

CAUSES OF THE CHINESE SUCCESS

In an earlier chapter, we have described the progress of agrarian cooperatives in China. In December 1951, when the Central Committee of the Communist Party of China took the decision for trying out cooperation in production, there were over 300 agricultural producers' cooperatives in the country. Two years later that is, in December, 1953 the number of such cooperatives had exceeded 14,000. In 1954, their number rose to 1,00,000. By June 1955, the number of cooperatives increased to 6,50,000. Most of these cooperatives were formed in the northern provinces which were the first to come under communist rule. Between July, 1955 and June, 1956, the movement, however, spread to other parts of China and by June, 1956 about 92 per cent. of all the rural households had become members of one million agrarian cooperatives. Only 8 per cent. of the cultivating families continued as individual cultivators. During the same period, about two-thirds of the total number of cooperatives were converted into cooperatives of advanced type, that is, a system of collective farming. The movement towards advanced cooperatives is on the upgrade and the Chinese hope that very soon all of them would be transformed into collectives. Initially, it was felt that it would take a period of three Five Year Plans, that is, about 15 years for bringing all the households into cooperatives. But the momentum gained by the movement in the 'surging tide period' during the latter half of the 1955, exceeded even the most optimistic expectations of the Chinese. We were told that the Chinese hoped to complete the entire programme by the end of 1956, and at the time of our departure a figure of 96 per cent. was mentioned.

7.2. The phenomenal success achieved by the Chinese in the formation of agrarian cooperatives has astonished all, both inside China and outside it. To a visiting team from India, such as ours, who are used to individual cultivation, the Chinese success appeared no less than a miracle. Naturally, the first question that strikes anybody is, how was all this achieved in such a short period? The question is especially relevant in the context of the history of the formation of agrarian cooperatives in other countries. The reasons for the exceptional success of China, therefore, deserve a special study.

Land Reforms

7.3. The most outstanding development which preceded the movement for cooperativisation was the radical measure of land reforms carried out in China. The nature of these reforms and the unsparing manner and the speed with which they were carried out, influenced the growth of agrarian cooperatives in a measure as no other single factor has done. Before the land reforms, about 10 per cent. families of landlords and rich peasants held about 53 per cent. of the total area. The middle and the poor peasants who comprised about the 90 per cent. of the total number of households held less than 41 per cent. of the total area. After the land reforms the maximum holding hardly exceeds twice the average area available per family. Everybody who could cultivate and wanted to do so, man or woman, was given land. Altogether about 118 million acres out of a total cultivated area of about 275 million acres, were distributed among 300 million peasants. Besides lands, houses belonging to landlords containing about 38 million rooms, about 30 million draught animals, 39 million agricultural implements and about 5 million tons of foodstuffs were confiscated from landlords and re-distributed. The Chinese had thus eliminated at one stroke, in the course of less than 3 years, not only landlordism, but also the vestiges of kulak economy obtaining in China.

7.4. The land reform law of China provided the framework. In the execution of reforms the peasants were intimately associated. Peasants Associations were formed in each village, Hsiang, county and province. The village associations determined the class status of each person which formed the very basis of the Chinese land reforms, the lands to be acquired and the manner of their distribution. True, their decisions were subject to the approval of the higher bodies and subsequent ratification by Government. There was also a right of appeal vesting in each person affected by land reforms. In practice, the decisions of the village associations were generally upheld. Even when it had erred, it was persuaded to modify its decision rather than over-ruled. The peasant masses were thus organised and put on their feet. They were made to feel that they were part of Government and shared in its authority. In the process, the Government and the Communist Party which were already so close to the people, came still nearer to the peasants and this enabled them later to bring about a transformation of the Chinese agrarian economy. Chairman Mr. Liu Shao-chi, of the Communist Party has emphasised the role of land reforms in this transformation in the Political Report

submitted by him to the 8th National Congress of the Communist Party of China in the following words:

> "It was on the basis of a land reform thoroughly completed that we launched the movement for agricultural cooperation. In carrying out the land reform our Party did not take simple and easy way of merely relying on administrative decrees and of 'bestowing' land on the peasants. For three solid years after the establishment of the People's Republic of China we applied ourselves to awakening the class consciousness of the peasants, and particularly of the poor peasants, to the fullest possible extent by following the mass line in fully arousing the peasant masses; it accomplished the task of land reform through the struggle of the peasants themselves. Was it necessary for us to spend so much time on it? We consider that the time involved was completely necessary. Because we had used such a method, the peasant masses stood up on their own feet, got themselves organised, closely followed the lead of the Communist Party and the people's government, and took the reins of government and armed forces of the villages firmly into their hands. Thus the land reform succeeded not only in eliminating the landlords as a class and weakening to a great extent the rich peasants in the economic realm but also, politically, in overthrowing the landlord as a class and isolating the rich peasants. The broad masses of the awakened peasants held that exploitation by both landlords and rich peasants was a shameful thing. Conditions were thus created which were favourable to the subsequent socialist transformation of agriculture and helped shorten to a great extent the time needed for agricultural cooperation".

Gradualness of the Programmes

7.5. The land reforms were followed immediately by an intensive cooperative activity which took the form of mutual aid teams of the seasonal type. This was the first stage in the gradual advance of the peasants from individual economy to socialist transformation. Soon the mutual aid teams of the seasonal type gave way to mutual aid teams of regular type voluntarily organised for the mutual benefit of the peasants, using collecting labour, but on a basis of private

ownership and individual management of property. Beginning in 1951, the mutual aid teams had brought about 60 per cent. families within their fold by 1954. It was about this time that the movement for agricultural producers' cooperatives developed. Even at this stage, producers' cooperatives of primary type of "semi socialist character" with collective labour, but common use of land and social management were favoured. They consisted of voluntary groups of ten, twenty or thirty peasants or so. Each village had often more than one cooperative. The earlier cooperatives were formed by active members of the Communist Party in the areas. Gradually larger cooperatives covering whole villages were developed but the peasants continued to retain ownership of their lands and received ownership dividend varying from 30 to 45 per cent. of the gross produce and finally in 1955 developed the movement for the conversion of the producers' cooperatives of the primary type into higher form of cooperatives of 'fully socialist character'. Similarly with regard to the type of peasants to be admitted to cooperatives, the Chinese proceeded step by step. In the early stages of the development the cooperatives were to admit only the poor peasants and the lower middle peasants who had moved up from the status of poor peasants since the land reforms. The reluctant middle peasants were not to be dragged into cooperatives, as admission to a cooperative was a privilege to be regulated. In fact, the cooperatives in the early stages of their development were generally not to take the comparatively well-to-do middle peasants as members. It was only after cooperatives of the poor peasants and the lower middle peasants had been soundly established that the well-to-do middle peasants were allowed to come in. The landlords and the rich peasants were the last to be admitted. Throughout the policy of voluntariness was, however, upheld. Even at the end of June, 1956 more than 8 per cent. peasant families had stayed out. The principle of gradualness and voluntariness had a stabilising influence on the whole movement. The peasants were gradually carried along the road mapped out by the Government and the leadership without a feeling of compulsion. At each stage of the journey, the progress was assessed and the position consolidated before going over to the next stage.

Techniques of Co-operative management

7.6. The emphasis which the Chinese have laid on evolving suitable methods for organising labour, ensuring team work and discipline, providing incentives for hard and better work and planning produc-

tion programmes by each cooperative, has in no small way contributed to the success of the producers' cooperatives in China. The entire labour force is divided into teams and each team is subdivided into groups. Each group or team works under its own leader. There is a specified area for each team to work on. Each cooperative has an executive committee elected by the members at a general meeting. The executive committee appoints leaders of the groups and teams in consultation with their members and the representatives of the Communist Party in the co-operatives. In addition to the executive committee each co-operative appoints a supervisory committee, which is also elected by the general meeting or by delegates elected by the general meeting. The supervisory committee is to ensure that the members of the managing committee abide by the regulations of the cooperative and the decisions of the general body, the accounts are properly maintained and the property of the co-operative is properly looked-after. In the assignment of work, each team or group has to give due consideration to the ability of each member. In this the special physiological difficulties of women are duly taken into account. To ensure incentives, piece work system has been adopted in most operations and procedures have been evolved for relating payment to the quantity and quality of work done by each member. For this hundreds of norms have been evolved for assessing work of various types. The Chinese have thus been able to secure active participation by the members in the day-to-day working of the co-operative farms, obtain discipline and efficiency of management and retain incentives in group work to a high degree. Each co-operative prepares a production programme which is approved by the Hsiang Government. There is ample provision for the production programme which is secured from the Agricultural Bank. Each area (Chui) has a well staffed technique popularisation centre which provides the necessary technical guidance. There are arrangements for supplies to co-operatives of all their production requirements. Advances are made against commercial crops. To secure co-operatives against risk there are assured prices for the principal crops.

Purchasing activities

7.7. The Communist Party of China has played a decisive role in the transformation of the agrarian economy of China. Unlike the Russian revolution, in China it was essentially a peasants' revolution. The Communist Party of China had a long association with peasantry. Ever since its formation in 1921, it has been actively associated with

the distribution of land wherever Communist Government was formed. We have earlier stated how the Communist Party came to be intimately identified with the peasant masses during the implementation of the land reform programmes. The high degree of inflation which obtained during the Chiang Kai Shek regime had been brought within control within a short time. A system of fixed prices for the agricultural produce was introduced. The peasantry were assured supply of non-agricultural products of daily requirements at fixed prices. All these steps had won for the Government and the Communist Party the confidence of the Chinese peasants who became thus disposed to try what was suggested to them by the Party and the Government. Each village, each cooperative and each team had active members from Communist Party, the party cadres, who were enrolled from among the local peasants and were trained and equipped for active work in the rural areas. Most of them whom we met were comparatively young. They were fired with a high degree of patriotism and imbued with communist ideology. Being one of them, they were intimately associated with the local people and provided a leadership of a high order. It was they who were responsible for organising the peasants into co-operatives. They worked as friend, philosopher and guide of the peasants. The Government functionaries played comparatively a minor role in the re-organisation.

Accusation meetings

7.8. It has been suggested that in a Communist Country the Government is all powerful and, it is, therefore, easy for it to get things done to order. And it is imputed that in China the people were coerced into joining cooperatives. In this connection, a reference is also made to the 'accusation meetings' which were held throughout China prior to the redistribution of land; and it is argued that the violence associated with these accusation meetings had inspired a strong fear in the minds of the people and under the stimulus of this fear complex it was easy for the Government to mould them later into a cooperative pattern. The accusation meetings were indeed a particularly Chinese idea. The landlords in China were much more than owners of land. They acted in villages as representatives of Government. They wielded considerable authority which was often misused. The atrocities which were committed by the landlords have formed the subject matter of considerable literature in China. Their influence in the Government of the day was so strong that it could hardly provide any redress for peasants' grievances against the landlords. The communists wanted to punish them not only for their

part in inducing the people to join the cooperatives. All that we would maintain is that the large majority of peasants must have joined cooperatives because they felt that it was good to do so. If any large number of peasants had been coerced into cooperatives, it would, in all probability, have left some effect on their present state of mind. It is *anywhere* difficult to ascertain the subjective state of mind of people. And if one cannot speak to people except through an interpreter, and the contact is restricted to a brief period of interviews, the difficulties would be greater. In spite of this handicap, we did our best to fathom the present attitude of mind of the peasants whom we met during the course of our visit. We talked to the office bearers of cooperatives, the members of cooperatives, individual farmers who had not joined the cooperatives and the ex-landlords who had joined the cooperatives. We tried to ascertain the feelings of the crowds which used to gather around us. We questioned people from every walk of life with whom we came in contact. Briefly, short of a gallop poll and within the limitations already explained, we did our best to sense the atmosphere prevailing in the cooperatives. We feel that the great majority of peasants working in cooperatives are quite happy. Far from noticing any signs of suppression and helplessness, we saw rural China at work, a regenerated nation, trying to make up for the lost time and looking forward to the future with complete confidence. A revolution is afoot in the countryside, the dominant motive of which is not fear but a ferment in people's minds which no administration by itself could have brought about. China presented a spectacle of self-sacrificing and disciplined leadership actuated by high motives of a quick build-up of their country into a powerful, industrialised, and modern State, marching forward in full confidence and persuading the people in accepting a new way of life. The peasants mentioned to us at various places that they were better off than before. We were also told in every cooperative visited by us that there had been considerable increase in production and the people had more to eat and clothe. They pointed out to us the various improvements which had been carried out by their cooperatives. We were told that many cooperatives had exceeded their targets. In the Liaoning Province 3 lakh wells had been sunk against the target of 1·5 lakhs and the irrigated land had been doubled in the course of the few years. We were told that in the cooperatives lands were more intensively cultivated than before. It is natural, therefore, that these developments should have been reflected in increased production and better living standards. Coercion is the negation of enthusiasm. The enthusiastic

outburst of energy which we saw, could not be expected from a people who had been coerced into cooperatives. We noticed among them a great patriotic fervour which reminded us of the great patriotic zeal which had seized our own people in their fight for freedom in the thirties and forties of this century. To the peasants in China, increased income and better living was only one aspect of the producers' cooperatives. We were repeatedly told that in joining cooperatives, they were working for the development of the country and towards a Socialist transformation of Society. To illustrate the intensity of political consciousness and the feeling of patriotism which had been aroused among the peasant masses a number of cases were cited to us. Here we may mention one of them. In a cooperative in the North-West which was doing very well one of the women members, we were told, brought on to her bed in a cold wintery night litters delivered by a pig of the cooperative because she feared the piglets would die for want of adequate shelter outside, which would mean a national loss. It is the creation of this consciousness among the large number of people in the urban and the rural areas which is one of the outstanding achievements of the present regime and a major contributory factor to the success of the producers' cooperative.

Developments in other Sectors of the economy

7.10. The continued education about the Socialist aspect of the movement thus played an important part in bringing about the transformation. The developments in the agrarian sector were aided and supported by the developments in other sectors of the economy which took place at the same time. During the 'surging tide' period the whole national economy appears to have been caught in the throes of a socialist change which took the form of cooperativisation of handicrafts and cottage industries and the joint State-private operationship of capital industries and commerce. This movement towards socialisation in the non-agricultural sectors has obviously played a significant part in creating a suitable climate in the agrarian sector for an advance towards socialism and thus inducing the peasants to group themselves into cooperatives.

The Role of Youth

7.11. Another factor which should have helped in the growth of the cooperative movement was the high quality of leadership which the Chinese succeeded in developing in the rural China. We were greatly struck by the fact that almost all leaders of cooperatives were young people, both men and women, mostly in their twenties

and thirties. The leadership of the young has played an effective part in imparting the momentum to the cooperative movement. The producers' cooperatives were a new organisation. They required adjustments in human behaviour to a considerable degree. The youth are capable of much greater adjustments than may be expected of the older generation. The young leaders were obviously doing their job with great tact and efficiency. There was an atmosphere of suavity among the young leaders, which indicated that they were used to administering by carrying conviction rather than by ordering peasants about. They seemed to be conversant with the details of their cooperatives. They appeared to have been well-trained both in ideology and the practical measures to be taken in increasing production. Women were also represented as presidents and vice-presidents of the cooperatives in a fair number. There was a convention that either the president or one of the vice-presidents of every cooperative should be a woman. The quality of leadership which the women leaders provided seemed to us in no way inferior to that of men.

PART III

JAPAN

113 P.C.—10

CHAPTER VIII

CO-OPERATIVES IN JAPAN

General background

8.1. Although Japan has made rapid progress in building up industry during the last 100 years and it is the premier industrial nation of the East, it remains nonetheless a country where agriculture occupies an important position and the farming population constitutes more than 51 per cent. of the total population. The total geographical area of the country is 92 million acres. For the most part it is mountainous, and the area under cultivation even includes such farm lands which with a gradient of 15 degrees or above are usually considered beyond arability. Efforts for utilisation of land are extremely laborious and the cultivated area comes only to 13·5 million acres or 15 per cent. of the total land. The country receives abundant rainfall. Monsoons from the Pacific bring much rain to the coastal districts in summer and in winter copious snowfall monsoons blow from Siberia to the districts facing the Sea of Japan. Annual precipitation registers 1,000 mm. (40 inches) or above in districts with relatively little rain and nearly 3,000 mm. (120 inches) in rainy districts. The climate of Japan is generally rainy, humid and mild. It is favourable for rice but not so for other crops. The disaster of typhoons is almost an annual feature which causes considerable damage to crops.

8.2. The major part of the cultivated land is devoted to farming and only less than 10 per cent. thereof is utilised for grazing or pastures, the remaining 90 per cent. being under crops. Paddy is grown on 7·5 million acres or 56 per cent. of the cultivated area; 5·25 million acres is used for wheat, barley and industrial crops. Orchards are raised on 0·75 million acres. In pre-war years (1934-36) the average holding of a farm family was 2·67 acres. This dropped to 2·17 acres in 1952 because a number of persons released from war and repatriated from Korea and Formosa turned to agriculture. A statistical survey showed that the farm population which was at 34·2 million in 1946 increased to 37·8 million in 1950, a rise of 10 per cent. The number of families engaged in agriculture, which was around 5·5 million between 1926 to 1945 exceeded 6·2 million in the year 1948. There has been a slight reduction in this

number but compared to the pre-war times, agriculture has to sustain and find employment for 10 per cent. more people. In spite of the fact that nearly half the population of Japan is engaged in agriculture, its share in the national income is only 18·7 per cent. The annual income of those engaged in agriculture and forestry was estimated to be Rs. 883 *per capita* in 1953 whereas those employed in manufacturing industry earned Rs. 2,650 per head.

Land Reforms

8.3. The characteristic features of Japanese land system prior to land reform were insecurity of tenure and high rent. Before 1947, seventy per cent. of the total families were pure or part tenant farmers and amongst them 25 per cent. had no land at all. Half of the total number of land owners comprised those owning land around 1·25 acres or less but the total area held by them was only 16 per cent. of the cultivated lands. On the other hand the owners of more than 12 acre pieces constituted only 3 per cent. of the entire land owners but they held 30 per cent. of the total land. Absentee landlords accounted for the ownership of 15 to 17 per cent. land which was largely under paddy. More than half the total area was farmed by tenants, their percentage being greater in paddy fields. The landlords could obtain greater profits by leasing land than from personal cultivation. Rent for paddy fields was paid in kind. After payment of rent 4 out of 10 tenants had to buy rice for their own use even though they had raised the crop. The fear of eviction was ever pressing in their minds. If they were regular tenants, they passed through a period of incessant anxiety at the time of the expiry of the lease.

8.4. The occupation authorities introduced land reform measures in 1947 and within a period of 3 years conferred ownership right on tenants in respect of 5 million acres of land. All lands held by absentee landlords were transfered to tenants. Resident landlords were permitted to retain ownership of 2·5 acres of leased land and the rest of it was settled with tenants. The maximum holding was fixed at 7·5 acres. As a result of these measures the number of tenants has been reduced from 70 to 9 per cent.

Agricultural Production

8.5. Only 50 per cent. of the 6 million households engaged in agriculture, find wholetime employment therein. The rest, mostly small farmers, take to other occupations and are the main source of labour supply for commerce and industry in the towns and urban areas. The Japanese cultivation is very intensive. 44 per cent. of

the total area yields two crops or more. Japan has the highest average yield of brown rice per acre in Asia (6,000 lbs. per hectare or 2,400 lbs. per acre). For increasing production the Japanese have concentrated on two aspects (1) improved seeds and (2) use of fertilizers. The State Agricultural Experimental stations and the farmers in rice areas have evolved, out of the existing varieties, selected and choice quality rice plants which are used for improved cultivation bringing excellent results. Normally the primary requisite of superior kind of seed is high yield, but under Japanese conditions, strains have been evolved to resist cold weather and bright sun. Generally speaking, these improved varieties require large quantity of fertilisers. Our enquiries showed that on an average 800 lbs. of fertiliser is applied to every acre in Japan. The total consumption of chemical fertilisers now exceeds 5 million tons. This has to be compared with 1·5 million tons in 1940 and 0·3 million tons in 1945. 5 million tons include 2·7 million tons of nitrogenous fertilisers (N=22 per cent.) 2·20 million tons of phosphate fertilisers (16 per cent. P205) and 0·4 million tons of potash. Comparable figures in India and China where cultivated area is 15 to 20 times larger, are 0·8 million tons and 1·8 million tons respectively. Japan produces chemical fertilisers in large quantities and if there is no local demand they have to find export markets. They are switching over from Ammonium sulphate to urea and large use of trace elements, boron, iron and cilican has been planned. Large quantities of organic manure such as compost, green manure and night soil are also used in Japan. We, however, did not notice the same drive or enthusiasm for manure collection as we saw in China. In fact very few Japanese referred to organic manure in their talk probably because they are at a much more advanced stage. Japanese cultivators are using increasingly large number of mechanical appliances such as electric or diesel motors, threshing machines and power hulling machines. For instance, between 1935 and 1953 the number of electric and petrol motors increased by 17·2 times and 6·7 times respectively. The number of power hulling machines and threshing machines increased by 13·8 times and 5·2 times during the same period. Work in cultivation processes such as seeding, planting, weeding and reaping still depends mostly on hand labour. In the process of ploughing, however, animal power has been used and since World War II mechanical ploughing by small tractors is tending to become popular. There were 14,931 small tractors in 1951. Within two years, *i.e.*, by 1953 the number was more than doubled to reach

34,974. The use of animal power has also increased simultaneously as compared to the period before the War.

8.6. For a few years immediately after World War II agricultural production remained below the pre-war level, and by 1947 the index of agricultural output fell to 74·7 per cent. against the 1933-35 average of 100. As the national economy got rehabilitated, agricultural production also began to show signs of recovery and by 1951 pre-war standards were regained. Favourable weather conditions of 1952 yielded one of the heaviest crops and farm production showed an increase of 10 per cent. over pre-war figures. But 1953 turned out to be a lean year whereas 1955 again proved to be a year of good harvest. Agricultural production in Japan thus appears to be in a state of fluctuation above or below the pre-war standards. The situation with individual items of farm products varies widely, some already exceeding pre-war production level, others scarcely reaching 30 per cent. of it. Under these circumstances Japan has to import a great deal of food from abroad to feed its large population. The acuteness of this problem is illustrated by the fact that the population which was 68·9 millions in 1934-36 has increased to 90 millions by early 1956—an increase of over 30 per cent. In Pre-war days rice was the only item of imports from abroad. After the War, wheat and barley are also imported in large quantities. The average annual imports between 1951-53 were 3·2 million tons. Imports in 1954 were of the order of 4·3 million tons, which cost Japan nearly 20 per cent. of the total foreign exchange.

Co-operation

8.7. Even though the size of holdings is so small, co-operative farming has not been seriously attempted in Japan. This is not because the system of joint cultivation does not afford any advantages under Japanese conditions. In fact we noticed a growing feeling in knowledgable circles of Japan that the condition of small farmers is deteriorating in spite of land reform. The small farmer is not able to hold his own and the disparities in the agricultural sector are increasing. It is conceded that co-operative cultivation will not only protect the interests of small farmers, but also raise the productivity. We were informed that in settling Japanese repatriates on lands to be reclaimed, reclamation was undertaken jointly through co-operative societies, but after reclamation, the members divided the lands amongst themselves. The present atmosphere in Japan is however not conducive to the growth of producers' co-operatives.

8.8. Although there are no co-operative farming societies, Japan has a highly developed co-operative structure in the field of credit, marketing and supply. More than 95 per cent. of the total farm households are members of co-operative societies, which supply 39 per cent. of the total agricultural finance and hold 65 per cent. of the total savings of the farm households. 96 per cent. of surplus rice and 85 per cent. of the surplus wheat and barley are marketed through co-operatives.

8.9. Co-operative Movement in Japan was started more than half a century ago with the enactment of the Industrial Co-operative Associations Law in 1900. This provided for setting up of industrial co-operative associations, but most of the societies actually organised were co-operatives in farm villages. The Law recognised four types of associations, *viz.*, credit, marketing, purchasing and production. An amendment to the Law in 1907 permitted credit co-operatives to take up non-credit activities. The primary co-operatives (known as unit co-operatives in Japan), have since assumed a multi-purpose character and combine credit, marketing and other non-credit activities at the base. For facilitating their work the primaries have formed district federations, known as prefectural federations, but at the district level, division of functions has been introduced and two associations are established, one for credit and the other for non-credit economic functions, *i.e.*, marketing, supply, etc. There is further specialisation at national level. For dealing with economic functions which broadly fall into two categories, *viz.*, marketing and purchases, separate associations have been formed. The needs of credit institutions are met at the national level by the Central Co-operative Bank.

8.10. After the First World War, Japan was hit-hard not only by agricultural depression, but also by a financial panic. For rehabilitating rural economy, a five year programme for consolidation and expansion of co-operatives was introduced in 1932, and there was a change from limited liability to multiple liability, a status under which members were responsible for certain fixed amount in relation to their shares. Government started, as temporary relief measures, civil engineering works. The State also advanced long-term loans at low interest rates and paid compensation. These programmes were operated through co-operatives and this strengthened their position. The out-break of Sino-Japanese War in 1937 wiped off liberalistic traditions and ushered in an era of rigorous controls,

which were applied to the co-operatives also. The operating funds of the societies were frozen and policies of loan and investment were directed by the State. The Agricultural Organisation Law passed in 1943 provided for compulsory merger of co-operative societies with Agricultural Associations which, although intended to promote scientific agriculture, were in reality the mouthpieces of rich landlords. Thus by a legal decree the co-operatives were wiped out and their assets were taken over by the new agricultural associations. Membership of the new Associations was compulsory for every farmer whether tenant or owner-cultivator. This was the period when co-operatives received a considerable set back. After the War the war-time agricultural associations were dissolved and the assets and other property of co-operatives were restored. The new law encourages the formation of democratic co-operative associations and the new landholders (*ex*-tenants) have an opportunity of joining them.

8.11. The growth of the movement has been quite rapid in the last 10 years. There are at present 35,000 primary co-operative societies. Of these 13,845 societies are multi-purpose primary societies, others being single purpose units catering to the needs of members who take up special activities, such as reclamation, horticulture, sericulture, etc. The single purpose units have their own district and national federations. There is some duplication and overlapping of functions between the single purpose and multi-purpose societies; the latter are, however, the more important basic units from the point of view of business as well as membership. The multi-purpose co-operatives have two kinds of membership (1) full members and (2) auxiliary members. Cultivating farmers are entitled to be full-members whereas non-cultivating farmers are enrolled as auxiliary members. The total membership of multi-purpose co-operative societies is 7·2 millions of which approximately 6·5 millions are full members. The average primary co-operative society in Japan has a membership of 600. The average paid-up capital per member is 3,400 yen or Rs. 45. A primary co-operative usually transacts annually a business of 23·5 million yens (Rs. 3 lakhs) on account of loans and employs about 11 wholetime employees. The organisation of the Japanese co-operatives at various levels is shown at the end of the chapter.

Credit facilities

8.12. The primary co-operatives in Japan hold very large sums

in the shape of deposits. The total amounts held by 12,000 associations on 31st March 1955 was 293 billion yen (Rs. 390 crores), 47 per cent. of this was in fixed deposits whereas 53 per cent. represented savings and current accounts. The total loans due to these co-operatives were of the order of 17·1 billion yen (Rs. 227 crores) and represented less than 60 per cent. of the value of the deposits held. We found during the course of a visit to Nameda Society that it held on 31st March 1955 deposits worth 29·8 million yen (Rs. 4 lakhs) when the total loans made by it came to 7·13 million yen (less than Rs. one lakh). Japanese are a very frugal people. They save money even in times of extreme stringency.

8.13. The Japanese farmer has to pay a high rate of interest on loans. A society visited by us in Nangano prefecture charged the following rates:—

For purchase of fertiliser . . .	11%
For cattle and implements . .	10%
For improving farmland . .	10%

We were told that this was due to the fact that the society was charged 8 per cent. on outside borrowing and the Bank rate was high. We also learnt that in some places the rate of interest is as much as 15 per cent.

8.14. For supporting the primary societies in credit activities, credit federations have been organised in each one of the 46 prefectures. These federations facilitate smooth operation of finance within the prefecture. The Co-operative Law forbids credit federations from engaging directly in economic activities but permits them to finance economic federations at the prefectural level. At the national level, the Central Co-operative Bank has the responsibility of providing medium and short-term production finance to the agricultural, forestry and fisheries co-operatives. This Bank was established in the year 1923 and has 24,426 shareholders, including 12,754 unit co-operatives and prefectural associations, 4,484 forest co-operatives and 3,258 fisheries co-operatives which are eligible to receive loans. The Bank raises funds outside the co-operative sphere by issuing debentures, introducing Government funds or borrowing loans from the Bank of Japan. Surplus funds are invested by the Bank in discounting commercial bills, securities, etc. The Bank has a paid-up share capital of 2·6 billion yen (Rs. 3·46 crores). Of these, 0·8 billion yen (Rs. 1·06 crores) were subscribed by the affiliated societies in ordinary shares and Government holds preference shares valued at 1·8 billion yen (Rs. 2·40 crores). The investment of Government was originally 2 billion yen. **Nearly**

200 million yen have been repaid and this amount has been set aside as a special reserve. The affairs of the Central Bank are managed by a president, a vice-president, 19 directors (six are fulltime) and 3 auditors. All these office-bearers including directors are nominated by the Government. In addition, the president has 25 advisors, who are generally men connected with the various co-operatives holding shares in the Bank. The Central Bank had 95 billion yen (Rs. 126 crores) by way of deposits on 31st March 1955. 55 per cent. of this amount was received from the agricultural co-operative associations. The total outstanding loans of the Bank were 81·6 billion yen (Rs. 108 crores). 61 per cent. of these were made to agricultural co-operative associations while 16 per cent. went to the co-operatives of fishermen.

8.15. As the Central Co-operative Bank does not have resources to advance long-term loans, the Japanese Government established in 1951 a separate corporation called "Agriculture, Forestry and Fisheries Finance Corporation" to extend long-term loans at low rate of interest to farmers, forestry men and fishermen. This Corporation does not deal directly with the co-operatives, actual lending being entrusted by it to the Central Co-operative Bank and other institutions. The Corporation also uses the agency of commercial banks. Since its inception this Corporation has made advances of 90 billion yen (Rs. 120 crores). Of this, 50 per cent. of the amount was utilised for purposes of land improvement—bulk of it for increasing irrigation facilities or for improving the system of drainage.

Marketing

8.16. The operations of the credit structure described above are closely integrated with the system of marketing and purchases. The primary co-operative societies receive a great deal of assistance and guidance in their work from the National Federation of Agricultural Co-operative Marketing Associations (Zen Han Ren), which was established in October, 1948.

8.17. Government is the sole purchaser of rice in Japan. It enters into contract with every farmer whereby he is required to deliver a specified quantity of rice before the due date. After taking into account the estimated production and farming needs, the Ministry of Agriculture and Forestry determines a quota of procurement for each prefecture. The prefectural Governor distributes this quota

to the villages in consultation with the prefectural agricultural committee in which co-operatives are represented. The quota set for the village is to be allocated to the farmers. The village or town mayor does not take up this task upon himself. He entrusts the work to primary co-operatives which fix quota for every family after making due allowance for adequate retention. On the basis of these agreements fairly accurate estimates of probable collection can be made. The State pays to the farmer in advance 20 per cent. of the value of his estimated crop. This amount is disbursed through the primary co-operatives. It enables the smaller farmers to meet their consumption needs. The primary co-operatives, the prefectural economic federations and the National Association act as collection agents of the Government. But co-operatives do not have a monopoly as the Government issues a collection licence to any-one with whom 50 farmers register their names for delivery. In practice, however, 95·6 per cent. of the farmers sell their rice through co-operatives and the commercial dealers handle only 4·4 per cent. of the grain. For this service Government pays 48 yen per bale to the entire co-operative channel, of this 2 yen are retained by National Association, prefectural federation gets 9 yen and the balance of 37 yen is paid to the primary co-operative.

8.18. The Japanese farmer does not sell paddy. He markets brown rice (unpolished); as a result, the cost of packing, trans-portation and warehousing is reduced by approximately 50 per cent. After threshing, the cultivator uses a small husking machine which is either owned by him or by his neighbour or his co-operative. These machines are so designed and constructed that paddy passes between two rubber rollers of different rotation rates and on constant contact rice is completely husked with little or no damage to the grain. In addition, three sieves of different meshes, help in husking and separating various types of rice different in size. Husked rice thus obtained from paddy is high in its milling rate which is about 80 to 82 per cent. The rice husking machines are small units operated by diesel or electric motor. They are not expensive. We consider that these machines should be suitable for our conditions. They will provide more employment and income to the cultivator. We, therefore, recommend that large size societies which are organised in rice growing areas should instal such machines. How-ever, before their introduction these machines should be tried and tested by the agricultural engineering sections of the Central and State Governments. We also noticed that whereas in India and

other parts of the world, grain is packed either in jute, cotton or paper bags, the Japanese use rice straw bags as packing material. These are made by the farmers without much expense during their leisure season. Every bag adds at least Re. 1 to the farmer's income. Japanese have devised machines for making such bags. We suggest that the Agricultural Engineering Sections of the State Governments and Central Government may order a few machines of this type and investigate the possibilities of introducing them in India. If necessary, services of a Japanese expert may also be obtained.

8.19. The Government pays to the farmer Rs. 33 for every maund of rice. The cultivator delivers his quota of brown rice at the warehouse of his co-operative. The rice is inspected by a Government inspector who immediately issues a certificate. On the basis of this certificate the co-operative prepares documents of receipt, one copy of which is given to the farmer, another sent to the Economic Federation and the third retained in the office. If the farmer wants money, full amount can be immediately paid on the strength of the receipt. This, however, seldom happens as the farmer prefers to keep the amount in deposit. The economic federation at the prefectural level consolidates collection advices received from its affiliated co-operatives and communicates the figure of total purchases every day to the National Federation and the Ministry. On the strength of these figures the Ministry of Agriculture asks the Co-operative Central Bank to reimburse the prefectural federation. Next to rice, barley and wheat rank in importance. Although there is no direct control of the State on these commodities, it has announced that it will buy these grains up to an unlimited extent at a price which is determined after taking into account production situation and other conditions. The farmers are at liberty whether or not they will sell their barley or wheat to the Government; in actual practice, however, the bulk of the marketable surplus is sold to Government. About 85 per cent. of surplus barley and wheat is disposed of through co-operative societies. In addition 40 per cent. of the sweet potatoes and about 70 per cent. of the dry sliced sweet potatoes are marketed by the co-operative associations. The National Marketing Federation also handles 90 per cent. of the total demand for seed potatoes. The primary co-operatives which manage about 2,000 factories for manufacture of starch, account for half of the total output thereof. Co-operatives operate rice polishing mills; they also look after marketing of fruits and vegetables for which adequate arrangements for cold storage and canning have been made.

Warehousing

8.20. In 1954-55, co-operatives marketed nearly 4 to 5 million tons of foodgrains and other commodities valued at 366 billion yen (Rs. 487 crores). This was possible because almost all the primary co-operatives have their own warehouses, their total storage capacity being 4·2 million tons. The history of agricultural warehousing in Japan dates back to 40 years. Successive bumper crops in 1914-15 and the deflationary policy of the Government brought down rice prices in 1916 to less than half of the previous year. The Government thereupon promulgated the Agricultural Warehouses Law in July 1917. It was intended to regulate the price of rice by expanding agricultural warehouses and marketing jointly the farm products for the benefits of producers and landowners. At the outset, Government prepared a 10 year plan in 1917 to provide storage space for 10 per cent. of the rice produced at that time and a programme for constructing 4,100 buildings was undertaken. A second 10 year programme was launched to meet the necessity of increased rice production. To encourage construction of warehouses 50 per cent. of the building costs were subsidised by the State. By 1937, 5,912 buildings were constructed by the co-operatives with the help provided by Government. Co-operatives also built storage accommodation on their own. The need to promote construction and renovation of godowns was again recognised after the war. A loan of 3 billion yen (Rs. 4 crores) has been advanced by the Agricultural, Forestry and Fisheries Finance Corporation for this purpose. The Japanese mainly utilise local material for constructing warehouses. More than 50 per cent. of the warehouses are traditional fire-proof godowns and 25 per cent. have wooden structures. Stones and bricks are also used. India also has a large warehousing programme which will succeed if structures suitable to local conditions are devised and costs are kept low. Experienced Japanese engineers might be of help in this task. The unit co-operatives in Japan have been able to operate warehouses because of the State policy of monopoly purchase of rice and wheat and the business obtained thereby from the Government.

Co-operative Supplies

8.21. In the early stage of their growth the Japanese co-operatives were too busy in procuring rice and other foodgrains from the cultivators. Adequate attention was not paid by them to the supply of materials required by the farmers for production and for daily needs. In the last three years, an effort has been made to correct this imbalance. The primary co-operatives have now worked out

a system which enables the farmer to estimate and order his needs in advance and for the co-operatives to deliver the goods at the appropriate time. This applies more particularly to fertilisers and agricultural chemicals. After collecting the orders the primary co-operatives place the consolidated indents with the prefectural federation. The prefectural federation in turn forwards the total demand to the National Purchase Federation. As a result of this arrangement it is now possible for the co-operatives to supply 71 per cent. of the total fertiliser requirements of the cultivators; 44 per cent. demand of insecticides and other chemiclas is also met by the co-operatives.

8.22. The National Purchases Federation has learnt by experience that co-operatives will be able to face competition of private trade and organised industry only if they go into production. The Federation has, therefore, established two factories for manufacturing chemicals and other insecticides. The share of co-operative in consumers goods is not so large because the members tend to depend more and more on purchases from cities and towns; co-operatives are, however able to hold their own when the articles are produced by them. For instance, the price of a pair of rubber shoes sold by a co-operative in Nagano prefecture was about 225 yen (Rs. 3) whereas the private dealer charged 300 yen (Rs. 4) for the same. The co-operative was in a position to reduce the prices because the pair was manufactured at a factory set up by the National Federation. In 1954 this factory produced 700,000 pairs; in 1955 the production was doubled. In one prefecture (Nagano) alone, co-operatives sold 2,25,000 pairs. They had a plan of doubling their sales and were working to a target of two pairs per family.

Education and Training

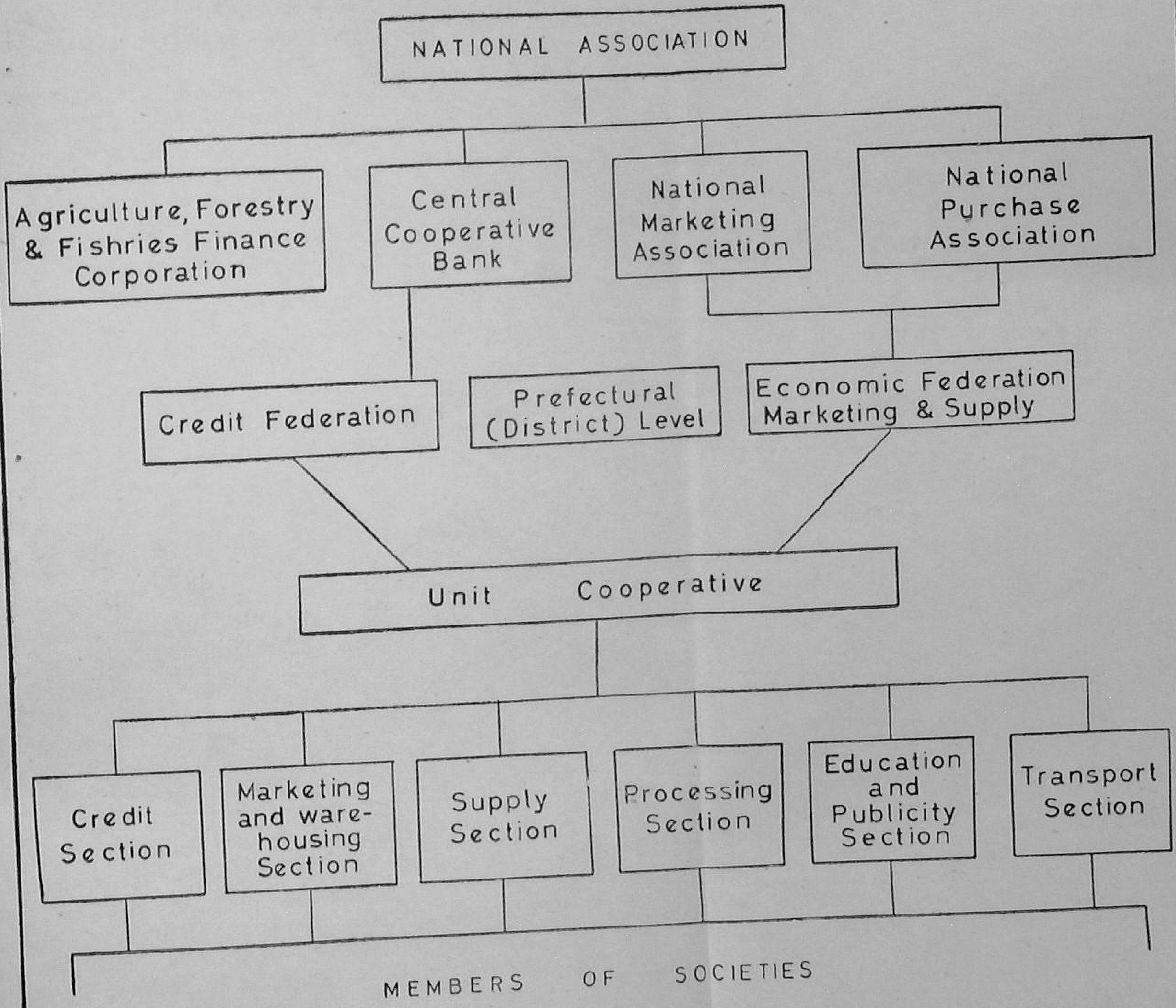
8.23. The responsibility for education of members and for conducting survey and research on important problems of management has been assigned to the National Co-operative Union which conducts the work on behalf of the affiliated co-operatives. District unions with similar functions have also been organised. The National Union has a budget of 113 million yen. It employs 70 persons, maintains a set of expert accountants to undertake audit of prefectural organisations or other institutions at their request. It also carries the responsibility for training technical employees and office-bearers. Every prefecture has an institute for training co-operative staff. A junior college has recently been established for imparting instructions to persons who are likely to hold more

responsible positions in the national or prefectural co-operatives. A hundred students were undergoing training at this College at the time of our visit. For employees of national associations, seminars are held twice a year. Specialised courses for discussing problems of credit, marketing, purchasing and audit are also organised by the Union. Japanese co-operatives pay a lot of attention to efficiency of work and proper management of business. Statistical information is collected methodically and analysed from time to time. We found the accounting system of even small co-operatives in good order. The office establishment and the scale of furniture were modest if not austere.

8.24. In spite of these measures nearly a third of the primary co-operatives were not able to make the two ends meet. The losses of these co-operatives appeared to be mainly due to the fact that their membership and volume of turnover were small. We understand that a plan for strengthening these co-operatives has been introduced since April 1956 and the State has come forward to pay the expenses of guidance and technicians and subsidies to such co-operatives as agree either to amalgamate with healthy and sound operating units or reorganise their business on proper lines. With their long experience in co-operative form of organisation and business acumen the Japanese will soon be able to surmount the difficulties of the primary societies. This has, however, a lesson for India, *viz.*, small co-operative units are likely to become uneconomic.

CHAPTER VIII

I ORGANISATIONAL CHART OF COOPERATIVES IN JAPAN



PLANNING COMMISSION CMU/NO 262/4.57.

CHAPTER IX

SMALL FARMERS IN JAPAN

Rural conditions between 1874-1940

9.1. Whereas China has accepted socialism as a means to rapid economic development and there is little scope for independent private enterprise, Japan follows the system of free economy based on individual initiative. The development of Japan since the Meiji Restoration presents a spectacle of a remarkable growth of industry while the peasantry continued to be dominated by a well entrenched feudal system. The Meiji Restoration had done away with the extreme forms of the feudalism under which the peasant had to pay a series of tributes to the Daimyo and the Samurai. The system of land holding, however, continued to be one of unmitigated landlordism and tenants had practically little rights. The economic conditions in the villages were rapidly deteriorating. Unrest appeared in the countryside finding expression in numerous riots and rebellions, which marked the first half of Meiji era. It has been estimated that at least 210 rebellions took place during 1870-1912. Peasants were losing their lands and carrying increasing burdens. In 1872 the land cultivated by tenants stood in the neighbourhood of 3·25 million acres. By 1939, it had increased to 7·25 million acres *i.e.* by more than 120 per cent. During the same period, cultivated land had increased only by 46 per cent. In other words the leased area grew much more rapidly than the cultivated area. This increase was the result of dispossessions of the small peasant proprietors by the landlords. It occurred in spite of the efforts made to enforce the official policy of establishing small proprietors on the land. The level of rent was also high. The average rent for single cropped paddy land was 1·04 koku per tan (*i.e.* about 16 maunds per acre) and in case of double cropped land 1·2 koku per tan (*i.e.* about 19 maunds per acre). The indebtedness of the peasants was considered as a significant factor in the agrarian economy of the pre-war period. In the 1920s and 1930s, it was estimated at 4 and 7 billion yen *i.e.* Rs. 5·2 and 9 crores in terms of pre-inflation currency. Less than 30 per cent. loans had been borrowed from the banks and about 10 to 15 per cent. from co-operatives. Thus more than 55 per cent. loans came from usurers at interest rates varying from 15 to 25 per cent. The burden of tenancy and indebtedness constituted about 28 to 30 per cent. of the gross value and 48 per cent. of the net value of the total agricultural production.

9.2. The agrarian situation may have been worse but for a long spell of economic development which Japan enjoyed from 1880 onwards till its defeat in the Second World War. During 1874—1920, the cultivated area increased by about 46 per cent., the yields of rice and naked barley doubled, wheat and barley trebled, and potatoes almost trebled. By 1920, the population employed in agriculture was stabilised at 13·5 millions and the annual increase in the population thereafter came to be absorbed by industrial expansion, increased employment in trade, the defence forces and colonies. Pressure on land thus ceased to increase, and in this atmosphere of general prosperity, the nation's attention could not be directed to the solution of the agrarian problem. Nobody paid any thought to the tenants' problem. The people in power entertained the hope that the agrarian problem would be solved by settling the excess population outside Japan so that the pressure on land would be progressively reduced.

Impact of War and Land Reforms

9.3. As the war developed, the rural population increased. Insecurity of life and food in the urban area accentuated this tendency. The defeat involved repatriation of Japanese from the colonies which further swelled the number of rural families, and for the first time since the 1920s there was a substantial increase in the working force engaged in agriculture, as can be seen from the following data:—

	No. of persons engaged in agriculture (*Figures in 000's*)
1920	13,727
1930	13,742
1940	13,363
1950	16,132

This increase in the number of families engaged in agriculture followed by land reforms made substantial additions to the number of small and uneconomic holdings as may be seen from the followng data:—

Size of holding	*Distribution of peasant families by the size of their cultivated land.* No. of families (in thousands) *1950*	*1938*
Less than 1·25 acres	2,523	1,870
1·25 to 3·75 acres	2,934	1,807
3·75 to 5·0 acres	379	1,329
5·0 to 7·5 acres	208	314
7·5 to 12·5 acres	77	133
12·5 to 25 acres	38 }	67
25 acres or more	10 }	
Not distributed	8	
TOTAL	6,176	5,520

Thus Japan's agrarian problem was considerably intensified in the post-war period, especially the problem of small and uneconomic farmers. The situation was further aggravated by the Government's control of the price of rice and the compulsory deliveries of rice which the Government insisted upon from the farmers for maintaining that price. Immediately after the surrender, the price of rice in Japan was very uneconomic and below the level of price prevailing in most other rice growing countries. Since 1920, the farm acreage has remained constant at 15 million and the agricultural production at about 15 million tons. The result was that considerable distress prevailed in the rural areas and many peasants were forced to sell their holdings and, in some cases, even their daughters, as they could not make two ends meet. The following is an extract from the 21st November 1951 issue of the *Nippon Times*:

"Heavy taxes are compelling farmers to sell lands they had acquired under the revolutionary post-war land reform and, in some cases, even their daughters.

"Interim reports indicate that the number of farmers parting with their land this year will total more than last year's 100,000. The figure for 1949 was 73,000."

The 100,000 households who parted with their land in 1950 constituted almost two per cent. of the total number of farm families. These sales occurred in a time of rising prices. One can imagine what would have happened in the event of a depression similar to that which began to develop in the first part of 1950. The Korean war saved the situation and started a new period of prosperity which to some extent reversed the post-war trend. Since then the Japanese economy has developed progressively and there is a small decrease in the number of people engaged on land, which is of the order of 100 to 200 thousand per year. Increases in the price of rice from Rs. 12 per maund in 1948 to about Rs. 33 per maund in 1955 have also helped the small farmers to some extent.

Agrarian problem of Japan

9.4. Japan is the most highly industrialised country in the East. And yet 50 per cent. of its population depends on agriculture. The pressure on land is as high in Japan as in China. The availability of cultivated land per agricultural house-hold is about 2·2 acres in Japan as against 2·5 acres in China. There was mal-distribution and unchecked and unregulated landlordism. Thus the agrarian structure of Japan was hardly much different from that of China. A fairly radical measure of land reform was carried out in Japan almost at the

same time as in China. Most tenants were conferred ownership. All tenancy lands owned by absentee landlords were transferred to tenants. Resident landlords were allowed to retain upto 2·5 acres of tenanted lands, but were not permitted to resume it from tenants even for personal cultivation. The tenants who did not get ownership had, thus, complete security of tenure. A ceiling has been fixed at 7·5 acres *i.e.* about three times the average availability of land per agricultural house hold. The maximum permitted in China was twice the average availability. In Japan, the transfers of land have been severely restricted though partitions on inheritence are allowed. In China though the transfers were permitted by law, they were discouraged in practice. Japan carried out its land reforms through agricultural land commissions which were set up in each village and were elected on a democratic basis. China executed its land reforms through peasants' associations. The similarity in approach in China and Japan, however, ends here. In China lands were confiscated without compensation. Japan paid compensation for acquisition of various interests in land, though the rate of compensation turned out to be nominal due to the high degree of inflation which occurred in the period immediately following land reforms. In China, the land reform programmes were immediately followed by cooperativisation of agriculture on a large scale. In Japan, the land reforms left the pattern of land management and cultivation almost unaffected.

9.5. About three-fourths of the peasant house holds cultivate less than 2·5 acres each. Prior to Occupation the entire agricultural property was inherited by the first son to the exclusion of others. With the promulgation of the new Constitution, the law of inheritance provides for practically equal division of the property among all sons and daughters. It is feared that this will lead to further fragmentation of holdings. The land reforms have improved the status of many small farmers, but only partly. That the small farmer is still in a bad shape, is recognised. He gets only a part-time employment in agriculture. More than half of his time is spent on work outside the farm. There is a tendency among small farmers to leave the farming operation work to women and go out in search of other occupations. The proportion of women to men working on farms is therefore greater among the small farmers. The other occupations which provide part time employment are small commerce and industry. In the olden days this subsidiary work tended to be within the farm household or at the most within the same village. In that sense, it had a strong agricultural and rural tinge. It is not so now. It is

frequently outside the village. Thus, the small farmer is a farmer in one sense and yet not a farmer in another. He is not completely a factory worker either. In spite of the fact that he gets some occupation outside agriculture, he is gradually losing his position as a farmer. The number of applications for selling land is reported to be increasing every year. In this situation, service co-operatives for provision of credit, marketing and processing can offer limited assistance. The smallness of his holding prevents him from taking a better advantage of service co-operatives. Many co-operatives feel that their development and stability is hindered by the precarious existence of the small farmer.

9.6. When the co-operative movement was organised after the War, the question was considered whether it should cover the aspect of co-operation in production as well. But the issue appears to have been shelved. A producers' co-operative could secure for the small farmer the economies of scale, assist in diversifying agriculture, assure them higher incomes and improve the standard of living and a more stable livelihood. Informed opinion in Japan is inclined to this course but the general atmosphere of agricultural conditions in Japan is unfavourable to the growth of such institutions. However, in the circumstances of Japan the possibilities of increases in agricultural production as a result of co-operativisation may not be of the order possible in China or India. In Japan, lands are already highly developed. Over 90 per cent. of the area under paddy-rice has a good system of drainage and irrigation. The cultivation has reached a high degree of intensity. Reclamation of new lands for increasing further productivity of existing lands through intensification of agriculture will involve heavy investment. The Japanese agricultural policy is not favourable to such a course. The price of local rice is Rs. 33 per maund and the Japanese feel that it would be cheaper to import rice from abroad rather than to produce more of it at home at a heavy cost.

9.7. The problem is essentially different in India and China which have large areas that can be developed. There is equally large scope for intensification of cultivation. There is a need for increasing agricultural production not only for improving standards of living and securing raw materials for expanding industries, but also to pay for import of machinery for industrial expansion. In India, the whole programme of industrialisation is dependent to a large extent on the export of agricultural products. Increased agricultural production has therefore to play a much more fundamental part in the Indian national economy than it does in Japan.

PART IV

INDIA

CHAPTER X

AGRARIAN CO-OPERATIVES AND THE INDIAN SITUATION

10.1. In India the co-operative movement has so far been restricted mainly to the supply of agricultural credit. Till recently little attention was paid to the development of co-operative farming. The matter received emphasis in the report of the Agrarian Reforms Committee of the Indian National Congress. The Committee had evolved, from the operational aspect, three norms of holdings, namely, 'economic', 'basic', and 'optimum'. An economic holding was defined as one which affords a reasonable standard of living to the cultivator and provides full employment to the family of a normal size and atleast for a pair of bullocks. A 'basic holding' consisted of one-third of the economic holding, the optimum size being three times the economic holding. The Committee recommended that there should be a ceiling on the extent of land which any person should own or cultivate. The ceiling was to be fixed at the 'optimum' size. For farms between the basic and the optimum sizes, the Committee recommended 'family farming' which would be assisted by service co-operatives. They, however, felt that there was a limit below which family farms even with all the co-operative aids ceased to be economic, and recommended that holdings smaller than basic size should, in course of time, be brought under a scheme of co-operative joint farming.

10.2. The question was later examined in the First Five Year Plan which adopted a somewhat different approach to the problem. The objective put forth in the first plan was co-operative village management so that all the land, man-power and other resources of a village may be organised and developed for the benefit of the village community as a whole. As an immediate programme, both small and medium farmers were to be encouraged and assisted to group themselves voluntarily into co-operative farming societies. Gradually, as co-operative farming develops, the entire area of the village, both cultivated and uncultivated, was to be brought within the co-operative fold and managed as if it were a single farm.

10.3 The matter has received further emphasis in the Second Five Year Plan which reiterates co-operative village management as the ultimate objective. The forms which co-operative village management may assume and the stages in which it may be approached, are to

depend on the experience and initiative of the people in each area and the success which is achieved in implementing the various programmes of rural community development. The role of co-operative farming as a step towards co-operative village management has been emphasised and a number of suggestions have been made for developing it. It is observed that "the main task during the second five year plan is to take such essential steps as will provide sound foundations for the development of co-operative farming, so that over a period of 10 years or so a substantial proportion of agricultural lands are cultivated on co-operative lines. Targets for co-operative farming to be achieved during the second five year plan are proposed to be determined in the course of the first year of the plan after discussing with individual States and reviewing the developments and experience gained so far."

10.4. The suggestions made in the Second Five Year Plan came up for consideration at the conference of the State Ministers of Co-operation held at Mussoorie on July 1 to 3, 1956. At the conference, it was felt that it would be difficult to fix definite targets and it was suggested that the objective should be to locate at least one co-operative farming society in every national extension block during the second plan period so that by 1960-61, there would be about 5,000 planned experiments working in all parts of the country.

Slow Progress

10.5. The Planning Commission have laid considerable emphasis on co-operative farming in the First Five Year Plan and again in the Second Plan. The State Governments were requested to draw up phased programmes for promoting co-operative farming. The Prime Minister has, a number of times, emphasised in his public speeches, in the Parliament and in the meetings of the National Development Council that reorganisation of agriculture on co-operative lines is of vital importance to increased production and improvement of living standards in the rural areas. In spite of all this emphasis, very little has been done in most States for a planned development of co-operative farming. About a thousand co-operative farming societies have been registered over the past few years. Punjab, Bombay and U.P. account for nearly 70 per cent of them. It has been noticed that quite a number of these societies were formed with a desire to evade land reform measures undertaken in various States. A few farming societies have been successful, but many of them have experienced practical difficulties for which they have not always been able to

secure the necessary guidance. A small provision of Rs. 50 lakhs was made for promoting co-operative farming in the First Plan and even that was not fully utilised.

Objections to Co-operative Farming

10.6. Grave doubts have been expressed to us in the course of our discussions in the past few months by many Indian thinkers, administrators and leaders of public opinion about the utility and practicability of a programme of co-operative farming. There are some—and they include an important element in our National life—who hold that co-operative farming is alien to the very genius of our people. There is a strong attachment to land among our peasants. They also feel that it cannot be brought about on any scale except through coercion or force which has to be ruled out in any democratic country. The logical sequence of co-operative farming would result in the creation of a highly managed and institutionalised society which would hinder the growth of the farmer's personality and the development of parliamentary democracy. They also fear that in a co-operative farm, the farmers are apt to lose their initiative and, therefore, production may fall and even the costs may increase. In this connection, they refer to the experience of the few co-operative farms which exist in various parts of the country. They are, therefore, of the view that the right course would be to develop an adequate extension organisation and to promote service co-operatives for the provision of credit, supplies and marketing by which most of the advantages claimed for co-operative farming can be made available to the cultivators, costs reduced, efficiency increased and production promoted. In this connection they also refer to the experience of Japan.

10.7. There are others who would accept co-operative farming only in a limited sector of the agrarian society. They believe that an ideal agrarian economy would be one of family farms. Only such a society can provide opportunities for the proper development of the farmer's personality. They, therefore, hold that all farms which constitute viable units should be retained as family farms. The provision of services and supplies through multi-purpose co-operatives would, in general, reduce, to a great extent, the inefficiency involved in forming of such units. There is, however, a limit below which family farms, even with all the co-operative aids implied in better farming, cease to be economic and they would, therefore, accept re-organisation of such patently uneconomic units into co-operative farms. This was also the approach of the Congress Agrarian Reform Committee.

10.8. There are many others who are quite indifferent to co-operative farming. They think that the fundamental problem in India is one of adverse land-man ratio, which co-operative farming can hardly correct. There are advantages of cooperative farming but they are not quite commensurate with the effort involved in changing the existing pattern of family farming to one of co-operative farming.

10.9. Still others feel that co-operative farming is desirable and even necessary for taking advantage of modern equipment and scientific practices, for reducing cost and increasing production. They, however, fear that rationalization of various processes in co-operative farming would make the concealed unemployment apparent and throw people out of employment. This will raise difficult social and political problems unless sufficient employment opportunities can be developed *pari pasu* in other sectors of the economy for absorbing the surplus labour force. The pace of development of co-operative farming has, therefore, to be related to the development of employment opportunities in other sectors of the economy, which is essentially a slow process. Reorganising agriculture on co-operative basis would raise administrative problems of considerable magnitude; the co-operatives would require managerial skill of high order which may not be readily forthcoming and can be developed only gradually; and finally, co-operative farming is essentially socialistic in concept. How can co-operative farming succeed in a capitalistic structure where large inequalities obtain?—they ask.

10.10. We thus find that among the leaders of public opinion and the administrators, there are many in India who have serious doubts about the necessity and the practicability of the programme of co-operative farming. It is true that co-operation is essentially a voluntary effort and without the active participation of the people, no amount of governmental direction will yield adequate results. It is equally true that the initiative and drive for the development and grc .h of the movement has to come from the Government and the political leadership. At present there is a lack of fuller understanding and realisation on the part of both the leadership and the administration of the importance of co-operative farming in the development of the agrarian economy and the rural wellbeing. We have earlier referred to a similar hesitation among the Chinese leadership at one stage and the programme did not make much headway. But as soon as their doubts were dispelled, a determined effort for the development of co-operative farming was made. This had an immediate response from the people and a 'surging tide' emerged all over China.

Within a year and a half, the number of families in co-operative farms increased from 14 to 92 per cent. In the following paragraphs we propose to examine why we consider that co-operative farming is necessary both from economic as well as social considerations.

Agrarian situation in India

10.11. That there is excessive pressure of population on land is admitted on all hands. In 1951, the total agricultural population of India was estimated at 249 millions, *i.e.* about 50 million families, representing about 70 per cent. of the total population. The availability of land is about 1·6 acres per person dependent on agriculture (or about 8 acres per agricultural family) for the country as a whole. It varies from 1 to 2·6 acres in different parts of the country as below:

North India	1·01
East India	1·25
South India	1·17
West India	2·29
Central India	2·57
North West India	2·59

Per capita availability is even smaller in many parts of the country with high population pressures, particularly, in lower and upper Gangetic Plains, Malabar and Orissa Coastal areas. With the growth of population, this pressure is steadily increasing. It is suggested sometimes that the solution lies in removing the rural congestion by developing employment opportunities in industrial and other sectors of the economy. It is, however, becoming increasingly apparent that there are remote chances of this pressure relaxing either by diversion to industry or by adopting other measures in the near future. In fact the estimates of employment opportunities offered by the projects included in the Second Five-Year Plan indicate that in terms of absolute numbers there will be further additions to the number of workers dependent on agriculture to the extent of 2 to 3 millions at the end of the Second Plan. Even if the employment opportunities in the non-agricultural sectors expand more rapidly than can be anticipated at this stage, it seems unavoidable that there will be further increases in the number of people depending on agriculture for employment and subsistence. It will take quite some time before the trend is halted and the pressure of population on land is stabilised. The limitations of diverting people from agriculture to other sectors are well illustrated by the experience of Japan. Japan had got into strides towards industrialisation on a large scale in the 19th century

when concepts of welfare state had not well developed and therefore, capital formation on a large scale based on exploitation of labour and colonies could be possible. In spite of these favourable conditions, the Japanese were just able to stabilise the pressure on land some time towards 1920. And since then they have been able to absorb only the additions to population. After its defeat in the Second World War and consequent loss of colonies and trade, the pressure of population on land has again increased. India, on the other hand, has itself been a colonial country. It obtained Independence at a time when welfare state concepts were well-advanced. Agriculture is still its largest sector and provides more than half the national income. Capital formation will depend as much on savings in the agricultural sector as in others. Average income of persons engaged in agriculture is already very low and poverty is the rule. Capital formation and consequently industrialisation in India is, therefore, likely to be much slower than in Japan. It is, thus, apparent that in India any reduction of pressure on land is hardly likely, at least in the foreseeable future. We have, therefore, to think in terms of re-organising our agrarian economy in a manner that would enable us to provide increased employment opportunities within agriculture itself.

Disparities in land holding

10.12. In India, the situation arising out of the over-crowding on land is further aggravated by the disparities in the size and distribution of land holdings. The mal-distribution is brought out by the data collected in the Agricultural Labour Enquiry, which we present below:—

Grade of holding	Percentage of total	
	Number	Area
·00 acres	19·0	..
Up to 1 acre	13·6	1·0
1 to 2·5 acres	17·3	4·6
2·5 to 5·0 acres	17·0	9·9
5·0 to 10·0 acres	15·5	17·6
10·0 to 25·0 acres	13·1	32·5
Above 25 acres	4·5	34·4
TOTAL	100·0	100·0

Thus, less than 5 per cent. people cultivate more than one-third of the total area. On the other hand, about two-thirds people cultivate less than 15 per cent. of the total area. About 19 per cent. people whose

main profession is agriculture, do not hold any land; about 48 per cent. who hold less than 5 acres each depend on employment as agricultural labourers in a varying measure. In the Agricultural Labour Enquiry, it has been estimated that about 40 per cent. of the agricultural population (*i.e.* 30 per cent. of the rural population) consists of agricultural workers who depend wholly or mainly on hiring out their labour. It has also been borne out that they get work only for a part of the year. The wages they get are generally low and the wage regulations have been hardly effective except in certain areas of special cultivation. In many cases the petty cultivators hold lands on tenancy arrangements and have to part with a major portion of the produce towards the payment of rent. Thus, the bulk of the agricultural population just exists on a margin of subsistence. Added to this are the divisions in the social structure resulting from caste and communal distinctions which stratify the Indian rural society into watertight compartments, making improvements in their existing social and economic conditions well nigh impossible.

Some limitations of Family Farming and Service Co-operative

10.13. While a large under-employed population subsists on land, there exists, side by side, a large work potential. At present less than one-fifth of the total cultivated area receives irrigation from State or private works. There is plenty of scope for the extension of irrigation by the provision of more wells, tanks, embankment etc. Tanks constructed in the past have to be repaired. For conservation of moisture, bunds have to be constructed. Large areas have gone out of cultivation due to soil erosion. These are to be reclaimed. In many places, erosion of soil has to be checked. There are areas which suffer from water logging and need drainage. Most of these improvements, being of labour intensive nature, require investment mainly in the form of human labour. Production could also be stepped up considerably by the intensive application of labour. And yet, while over the past many decades the pressure of population has been increasing and there have been considerable additions to surplus labour force, it has not been possible to avail of the surplus labour for the execution of schemes of improvement and intensification of agriculture. Some of the reasons which are generally advanced for this state of affairs, are the lack of skill or knowledge of new techniques, finance, initiative or urge for improvement on the part of cultivators, and the smallness of holdings. We feel that the real difficulties in the way of speedy improvement of land and intensification of agriculture are far more

fundamental. We do not share the view that an average Indian cultivator does not possess enough of initiative or is not capable of hard work. He is as anxious to improve his economic condition as anybody else in any sector of the country. He is as shrewd a cultivator as any in China or Japan.

It is true that in India most holdings are small, but from the Agricultural Labour Enquiry, to which we have earlier made a reference, it is evident that more than two-thirds of the total area is comprised in holdings exceeding 10 acres, which, in the Indian conditions, should provide fairly good units of cultivation. How is it that over the area comprised in these holdings, improvements have not been carried out or agriculture intensified? There may have been some difficulty in obtaining finance or other equipment but we do not think that this is the real hurdle.

10.14. We feel that the difficulties arise mainly out of the limitations inherent in family farming, which is characterised by the considerations of money cost (outlay) and benefit (return) to the individual farmer rather than social costs and social benefits. The schemes of land improvement may be classified broadly into two categories, namely those which a cultivator can undertake with his own labour or the labour of his family members; and others for which he would require outside labour on payment of wages. Improvements in the former category could be undertaken by the cultivators without considerations of outlay and return. In undertaking the improvements in the latter category, however, considerations of outlay and return immediately become operative. A cultivator takes up only such improvements as are remunerative for him. He may not undertake an improvement which does not give him return sufficient enough to enable him to pay back the interest and the instalments of loan. Now it so happens that in agriculture, within a given price and wage structure, many improvements are not sufficiently remunerative. This sets a limit to the extent to which a cultivator could go in undertaking improvements through hired labour even if he were provided with all the supplies and finances required for the purpose. This, perhaps, accounts for one of the major reasons why during the past many decades the progress of land development has been slow. The improvements carried out in earlier times owe their execution in many cases to State action and in some cases to the efforts of the feudal chiefs, jagirdars or zamindars who mobilised the surplus labour force without payment or on nominal payment. The institution which the latter represented, has since been abolished.

This has not been replaced by any institution involving organised action based on considerations of community's interest. The burden for carrying out the development of land will increasingly fall on the State.

10.15. Considerations of outlay and return apply equally to intensified cultivation except where the work can be carried out by self labour or the labour of family members. If a cultivator has to use hired labour, he would do so only to the extent he could get back in return a little more than the amount spent on wages. In agriculture not only of the Law of Diminishing Returns becomes operative early enough, but it also happens that within a given wage and price structure the limit is soon reached where a cultivator does not get back even his investment on wages. It has been observed that small holdings are generally associated with intensive agriculture and comparatively higher yields per acre in spite of the various disadvantages which beset them. The petty cultivators with abundance of surplus labour for which frequently there is no market, are obliged to invest it in intensified agriculture without considerations of return. As stated earlier, about two-thirds of the area is comprised in holdings exceeding 10 acres each. Cultivators holdings more than 10 acres have to depend for managing their lands on hired labour in varying degree depending upon the size of their holdings, in addition to the occasional labour that every cultivator would, in any case, require. Thus the bulk of the area is held by those who depend for cultivation partly or mainly, on hired labour and due to considerations of outlay and return the degree of intensification of agriculture cannot be high. The return on investment could be increased either by stepping up prices of agricultural produce or by depressing the wages or both. The wages payable in the agricultural sector are at present low and the agricultural labourers are hardly able to eke out a subsistence. Many States in India have enacted legislation to enhance wages which if given effect to properly will add to costs and, in the existing conditions, further discourage improvements.

Limitations of service co-operatives

10.16. Family farming is all right in countries where land is abundant and holdings are cultivated by considerations of net money return rather than gross productivity. In India both land and capital are scarce and labour is plentiful. A lot of labour today goes waste since it remains unemployed or under-employed over a considerable period. The emphasis in India has, therefore, to be not only on net

return but more so on increased production over the total area through intensified cultivation by making the fullest use of the available manpower. As we have mentioned, in family farming considerations of outlay and return impede the undertaking of many improvements which are not remunerative from the point of view of individual farmers. This applies equally to intensification of cultivation. Neither a cultivator can take up such improvements nor service co-operatives finance them. Promoting improvements which are remunerative on tiny holdings is also not free from difficulties. Most cultivators have petty holdings. There is a large gap between their actual income and the requirements of bare necessities of life. The additional income which may accrue from improvements initiated and financed by service co-operatives would hardly cover a small portion of the gap. Recovery of loans from the petty farmers thus presents serious difficulties. It is common experience that once a small farmer gets into debt, he is always in debt. These considerations limit the scope for service co-operatives.

10.17. Besides, there are financial limitations. Where are the funds to be found by the service co-operatives? In India, programmes have been undertaken for industrialisation and development of communications which already place a heavy strain on the available resources and a limit of deficit financing has been reached. Resources for the development of agriculture have, therefore, to be increasingly found from the savings in the agricultural sector itself. In an agrarian economy based on family farming in small units, the possibilities for savings and capital formation are severely restricted. From the Farm Management Studies recently undertaken by the Ministry of Agriculture, it appears that in small holdings the costs exceed the income. In other words, the small farmers do not get an adequate return even for their labour. The medium holdings also show little surplus. It is only in the comparatively larger holdings that some savings are effected. An important factor responsible for high cost is the heavy investment on fixed capital in the draught cattle and implements which remain idle over a considerable period. In India, land is scarce and capital resources are limited; and even these are today wastefully employed.

10.18. Some persons hold that the difficulties in the proper use of land and man power arise mainly out of property rights in land and they suggest that the right approach would be to abolish all rights in the land and vest them in the village community. For purposes of management lands may be re-distributed among the entire agricultural population in an equitable manner. This would ensure full use

of man power in the intensification of agriculture. The peasants while cultivating their individual holdings could join with each other assisted by service co-operatives for undertaking improvements. In order that all the cultivators may be able to share the benefits accruing from the improvements, they suggest that the lands may be periodically re-distributed. We feel that this approach is not free from difficulties. Firstly, organising people for co-operative activity for undertaking improvements on lands which are in the cultivating possession of one person would present psychological difficulties. Secondly, periodical re-distribution of land is also not a very practical proposition. Lastly, so long as lands continue to be cultivated in small holdings, wastage of scarce capital resources would be extremely difficult to avoid and economies of large scale, *i.e.* reduction in cost, specialisation and managerial skill, will not be forthcoming.

Advantages of co-operative farming

10.19. Service co-operatives can hardly do much to correct this waste. One has, therefore, to think in terms of so re-organising the agrarian economy that a planned use of land, manpower, capital resources, and managerial skill become possible. This calls for the pooling of land, manpower and capital resources by co-operative action so that it may be possible to fully utilise the available resources and also obtain the economies of large scale production. In a co-operative farm, the considerations of outlay and return apply over a much larger area. The pooled area constitutes a single farm and the pooled labour a single family for purposes of management. It becomes possible to intensify agriculture over the entire area of the farm and undertake improvements of labour intensive nature without consideration of cost. Fruit and vegetable growing can be taken up. Dairying can be developed. A part of the surplus labour force can be utilised for the improvement of village communications and housing, for provision of other social amenities including education of children and adults, etc. The requirements of draught cattle will be considerably decreased and the available fodder supplies could be fed to the milch cattle to increase the milk supply. The capital resources will be utilised more fully. Costs will be reduced. A portion of the released resources could be made available for the development of cottage and small scale industries. Co-operative farming would, thus, open up new avenues of employment and consequently improved standards of living. Without the producers' co-operatives, the needs of each one of the 50 million families engaged in agriculture have to be ascertained and provided for. With the producers'

co-operatives, the State will have to deal ultimately with less than half a million co-operatives which will become the organ of the State in implementing its welfare programmes. Besides, the producers' co-operatives will provide opportunities of working together for the various groups of people now held apart by social and communal divisions and thus bring about increasingly an emotional integration of the people into a living entity.

10.20. The producers' co-operatives in China have demonstrated the possibilities mentioned above beyond any doubt. The old irrigation sources were being improved and fresh sources developed. New areas were reclaimed and brought under cultivation. Supplies of manures were greatly augmented. New agricultural practices, early ploughing, use of better seeds, implements, insecticides and fertilizers had been adopted on a large scale. The co-operatives were able to fight successfully the natural calamities like floods and draughts. Long channels were dug to drain away the excess water. We witnessed considerable activity in the co-operatives for social welfare work. The co-operatives were able to provide security for the old and the inform. In brief, the entire manpower had been put to work in a planned manner. Rural reconstruction was, thus, being financed increasingly out of the savings in agriculture itself.

10.21. Let it be mentioned that it is not our intention to belittle the role of service co-operatives in the immediate development of agriculture in India. What we are concerned to point out in this Chapter are the limitations inherent in family farming for obtaining rapid increases in production and, therefore, the need in India to embark upon a programme of agrarian co-operatives. We realise that family farming will continue to be practised as a mode of cultivation for a long time to come and, the family farmers will have to be assisted through the development of service co-operatives.

Co-operative farms of uneconomic holdings

10.22. We may now examine the view point that capital resources are wasted in holdings which are uneconomic; and it is these holdings which cannot be properly assisted by service co-operatives; co-operative farming should, therefore, be restricted only to such uneconomic holdings and the holdings which constitute viable units should be retained as family farms assisted by service co-operatives. The approach is also not free from many difficulties and limitations. Firstly, the majority of holdings consist of uneconomic units, but the area comprised in them represents only a small portion. In a co-operative farm consisting exclusively of uneconomic holdings, the average

availability of land will be very low and it would be difficult to absorb all the people who, as a result of rationalisation, will become surplus, in the intensification of cultivation or in agricultural improvements. This would give rise to social and political problems of considerable magnitude. Secondly, such a farm would be deprived of the skill and managerial capacity which can be provided by the comparatively well-to-do farmers, if they are also to join such co-operatives. Thirdly, if the holdings which are not uneconomic are to be left out as family farms, the bulk of the area being comprised in them will continue to be subject to the limitations of family farming, and planned use of land and manpower would not be possible. The need of India is to increase production over the entire area by making the fullest use of the available resources.

10.23. And finally, this approach ignores the problems of the landless agricultural workers. Unless the area of a co-operative approximates, over a period, to a "community", small or large, the full benefits of producers' co-operatives will not accrue. We, therefore, visualise the formation of co-operative farms in which all *bona fide* cultivators of a village, with or without land, join together on a voluntary basis for mutual benefit. It is only when the bulk of the area of a village comes within the scope of co-operative farming that planning at the village level becomes a reality and it will become possible to make a planned use of the available land, manpower and other resources to the best advantage of the cultivators and the community as a whole.

Some objections to co-operative farming examined

10.24. We may now examine some of the objections that cooperative farming will interfere with individual initiative or freedom, retard the growth of the farmer's personality and lead to a highly institutionalised society. Agriculture, unlike work in a factory, offers varied opportunities for work. A cultivator is therefore apt to retain initiative in all the processes of agricultural production whether he works in a cooperative or outside it. The dangers which arise from an atmosphere of authority and control could be considerably minimised by evolving suitable techniques of management for retaining individual initiative and freedom. The Chinese had evolved the methods of teamwork. The farmers in a cooperative were divided into teams and each team was divided into groups. Each group had a specified area to work on under the guidance of its own leader. The number of workers in a group was generally small. This multi-tier system ensured increased association of the workers with the

management of the cooperative at all stages. There was constant insistence on democratic functioning and individual rights. We realise, however, that in joining a cooperative an individual peasant has to subject himself to a group discipline and to that extent he does suffer from a certain loss of individual freedom. On the other hand, improved economic conditions resulting from cooperative farming will enlarge the freedom for the whole group and also for individuals who are now denied opportunities. In fact, every group activity involves the subordination of the individual's liberty to group discipline and every planned development involves a measure of compulsion. The real issue therefore, is, shall we sacrifice some of our individual freedom in the interest of our economic development and the well-being of the nation, particularly, of the more backward sections of the community. How much loss of individual freedom is involved in changing over from individual farming to cooperative farming is a subjective matter. For some, the loss may be great, while for others, it may be little. On balance of considerations, we feel that the advantages of cooperative farming are greater and far outweigh the losses that may be involved.

10.25. We feel very much strengthened in this view on perusal of an article written by the Father of the Nation, Mahatma Gandhi, in 1942. The original article in Hindi was published in 'Harijan Sewak' and a translation of it appeared in Harijan in February of that year. In our view the article is so important that we have included the whole of it as an enclosure to this Chapter because it deals with the democratic and non-violent aspect of collectivism and cooperativisation. The problem before Gandhiji was whether the individual tending of cattle or their joint management would be in the best interest of animal husbandry in India. After considering the question from various angles, Gandhiji came to the categorical conclusion that the present pitiable condition of cattle in India was largely due to their individual management and salvation lay in collective management. He further added:

> "I firmly believe too that we shall not derive the full benefits of agriculture until we take to co-operative farming. Does it not stand to reason that it is far better for a hundred families in a village to cultivate their lands collectively and divide the income therefrom than to divide the land anyhow into a hundred portion? And what applies to land applies equally to cattle.
>
> "It is quite another matter that it may be difficult to convert people to adopt this way of life straightaway. The straight

and narrow road is always hard to traverse. Every step in the programme of cow service is strewn with thorny problems. But only by surmounting difficulties can we hope to make the path easier. My purpose, for the time being, is to show the great superiority of collective cattle farming over the individual effort. I hold further that the latter is wrong and the former only is right. In reality, even the individual can only safeguard his independence through cooperation. In cattle farming the individual effort has led to selfishness and inhumanity, whereas the collective effort can abate both the evils, if it does not remove them altogether."

10.26. It is essential to see whether the adoption of cooperative farming will affect our democratic institutions. In our view, it is the climate prevailing in a country that ultimately governs the character of its institutions, whether it is centralised or decentralised, democratic or totalitarian. It is independent of the manner of cultivation of land, whether in family farming or cooperative farming. In itself, cooperative farming, as any village organisation, should promote rather than retard the growth of democratic institutions at the base and at all levels.

10.27. Another objection which is usually put forward is that whereas in a family farming an individual operator gets the full benefit of work in the form of private profit which provides him an incentive for better and greater work, in a cooperative farm the incentive born of profit motive would be absent. We may, in this connection, refer to the experience of China where hundreds of 'norms' have been evolved for relating payment to quality and quantity of work and it has been possible to ensure individual incentive in all the processes of cultivation to a high degree. Similarly, norms can be evolved in India to suit the local conditions for relating payment to the capacity and ability of each member in a fairly large measure.

10.28. As we have mentioned earlier, in countries like Japan and England, the economic development took place during a period of colonial expansion and a comparatively monoplistie access to raw materials and markets. At that time, social conscience had also not advanced so that internal exploitations could go on unhindered. Thus, through internal and external exploitation large stocks of capital were created which formed the basis of their industrial and economic prosperity. In India we have to depend mainly upon our internal resources. 'Welfare State' concept is today well advanced.

Any large scale capital formation based on local exploitation has, therefore, to be ruled out. Our internal resources are limited. Incomes are low. Most of the people live just on the margin of subsistence. Their standards of living have to be raised and at the same time savings effected for investment and development. The agrarian cooperatives indicate the way for mobilising the national resources in which man-power plays the most dominant part. They offer a new hope for the millions of landless families. To us, it seems that they are today an historical necessity.

10.29. That such a transformation is no easy task we do not doubt. In accepting cooperative farming, the peasant has to change over to a new way of life. And to persuade him to do this, it will be necessary to create an appropriate climate particularly in the agrarian sector. The experience of China gives us hope that a peaceful transformation from family farming to cooperative farming is not beyond us.

वैयक्तिक या सामुदायिक

श्री जमनालाल जी ने गोसेवा का महान बोझ अपने सिर उठाया है इस बारे में गोसेवा संघ की सभा के सामने एक महत्व का प्रश्न यह था कि गो पालन वैयक्तिक हो या सामुदायिक? मैंने राय दी कि सामुदायिक हुये बगैर गाय बच ही नहीं सकती, और इस लिये भैंस भी नहीं बच सकती। हर एक किसान अपने घर में गाय, बैल रख कर उनका पालन भलीभांति और शास्त्रीय पद्धति से नहीं कर सकता। गोवंश के हाल के दूसरे अनेक कारणों में वैयक्तिगत गोपालन भी एक कारण हुआ है। यह बोझ वैयक्तिक किसान की शक्ति के बिलकुल बाहर है।

मैं तो यहां तक कहता हूं कि आज संसार हर एक काम में सामुदायिक रूप से शक्ति का संगठन करने की ओर जा रहा है। इस संगठन का नाम सहयोग है। बहुत ही बातें आजकल सहयोग से ही हो रही हैं, हमारे मुल्क में भी सहयोग आया तो है, लेकिन वह ऐसे विकृत रूप में आया है, कि उसका सही लाभ हिन्दुस्तान के गरीबों को बिलकुल नहीं मिला।

हमारी आबादी बढ़ती जा रही है और उसके साथ व्यक्तिगत रूप से किसान की ज़मीन कम होती जा रही है, नतीजा यह हुआ है कि प्रत्येक किसान के पास जितनी चाहिये उतनी ज़मीन नहीं है। जो है वह उसकी अड़चनों को बढ़ाने वाली है। ऐसा किसान अपने घरों या खेत पर निज के गाय बैल नहीं रख सकता। रखता है तो अपने हाथों अपनी बरबादी को न्योता देता है। आज हिन्दुस्तान की यही हालत है। धर्म, दया या नीति की परवाह न करने वाला अर्थशास्त्र तो पुकार पुकार कर कहता है कि आज हिन्दुस्तान में लाखों पशु मनुष्य को खा रहे हैं। क्योंकि वे उसे कुछ लाभ नहीं पहुंचाते, फिर भी उन्हें खिलाना तो पड़ता ही है। इस लिये उन्हें मार डालना चाहिये। लेकिन धर्म कहो, नीति कहो, या दया कहो, यह हमें इन निकम्मे पशुओं को मारने से रोकते हैं।

इस हालत में क्या किया जाय? यही कि जितना प्रयत्न पशुओं को जिन्दा रखने और उन्हें बोझ न बनने देने का हो सकता है किया जाय। इस प्रयत्न में सहयोग का अपना बड़ा महत्व है।

१. सहयोग यानी सामुदायिक पद्धति से पशुपालन करने से जगह बचेगी। किसान को अपने घर में पशुओं नहीं रखने पड़ेंगे। आज तो जिस घर में किसान रहता है, उसी में उसके सारे मवेशी भी रहते हैं। इससे हवा बिगड़ती है और घर में गन्दगी रहती है। मनुष्य पशु के साथ एक ही घर में रहने के लिये पैदा नहीं हुआ। ऐसा करने में न दया है, न ज्ञान है।

२. पशुओं की वृद्धि होने पर एक घर में रहना असम्भव हो जाता है। इस लिये किसान बछड़े को बेच डालता है, और भैंसे या पाडे को मार डालता है, या मरने के लिये छोड़ देता है, यह अधमता है।

३. जब पशु बीमार होता है तब व्यक्तिगत रूप से किसान उसका शास्त्रीय इलाज नहीं करवा सकता। सहयोग से चिकित्सा सुलभ होती है।

४. प्रत्येक किसान सांड नहीं रख सकता। लेकिन सहयोग के आधार पर बहुत से पशुओं के लिये एक अच्छा सांड रखना सहल है।

५. व्यक्तिशः किसान गोचरभमि तो ठीक, पशुओं के लिये व्यायाम की यानी हिरने फिरने की भूमि भी नहीं छोड़ सकता। किन्तु सहयोग द्वारा यह दोनों सुविधायें आसानी से मिल सकती हैं।

६. व्यक्तिशः किसान को घास इत्यादि पर बहुत खर्च करना होगा। सहयोग द्वारा कम खर्च में काम चल जायेगा।

७. व्यक्तिशः किसान अपना दूध आसानी से नहीं बेच सकता। सहयोग द्वारा उसे दाम भी अच्छे मिलेंगे और वह दूध में पानी इत्यदि भी मिलाने से भी बच सकेगा।

८. व्यक्तिशः किसान के पशुओं की परीक्षा असम्भव है, किन्तु गांव भर के पशुओं की परीक्षा आसान है, और उनकी नस्ल सुधार का उपाय भी आसान है।

९. सामुदायिक या सरकारी पद्धति के पक्ष में इतने कारण पर्याप्त होने चाहियें। सब से बड़ी और प्रत्यक्ष दलील यह है कि वयक्तिक पद्धति के कारण ही हमारी और हमारे पशुओं की दशा आज इतनी दयनीय हो उठी है। उसे बदल कर ही हम बच सकते हैं, और पशुओं को बचा सकते हैं।

मेरा तो दृढ़ विश्वास है कि जब हम अपनी ज़मीन भी सामुदायिक पद्धति से जोतेंगे, तभी उस से पूरा फायदा उठा सकेंगे। बनिस्वत इस के कि गांव की खेती अलग अलग सौ टुकड़ों में बंट जाय। क्या यह बेहतर नहीं कि सौ कुटम्ब सारे गांव की खेती सहयोग से करें और उसकी आमदनी आपस में बांट लिया करें और जो खेती के लिये ठीक है, वही पशु के लिये भी समझा जाय।

यह दूसरी बात है कि आज लोगों को सहयोगी पद्धति पर लाने में कठिनाई है, कठिनाई तो सभी सच्चे और अच्छे कामों में होती है। गो सेवा के सभी अंग कठिन हैं, कठिनाईयां दूर करने से ही सेवा का मार्ग सुगम बन सकता है। यहां तो बताना यह था कि सामुदायिक पद्धति क्या चीज़ है, और वह वैयक्तिक से इतनी अच्छी क्यों है यही नहीं बल्कि वैयक्तिक ग़लत है, सामुदायिक सही है, व्यक्ति अपनी स्वतन्त्रता की रक्षा भी सहयोग को स्वीकार कर के ही कर सकता है, अतएव यहां सामुदायिक पद्धति अहिंसात्मक है, वैयक्तिक हिंसात्मक।

सेवाग्राम ८–२–१९४२ मोहनदास कर्मचन्द गांधी

१५ फरवरी १९४२–हरिजन सेवक

INDIVIDUAL OR COLLECTIVE

BY

M. K. Gandhi

Shri Jamnalal Bajaj has bravely taken the burden of the great work of cow service (in other words, cattle preservation) on his shoulders. The most important question for consideration before the recent Go-Seva Sangh Conference was whether cow farming should be in the hands of individuals or done collectively. I myself had no hesitation in saying that she could never be saved by individual farming. Her salvation, and with her, that of the buffalo, could only be brought about by collective endeavour. It is quite impossible for an individual farmer to look after the welfare of his cattle in his own home in a proper and scientific manner. Amongst other causes, lack of collective effort has been a principal cause of the deterioration of the cow and hence of cattle in general.

The world today is moving towards the ideal of collective or co-operative effort in every department of life. Much in this line has been and is being accomplished. It has come into our country also, but in such a distorted form that our poor have not been able to reap its benefits. *Pari passu* with the increase in our population land holdings of the average farmer are daily decreasing. Moreover what the individual possesses is often fragmentary. For such farmers, to keep cattle in their homes is a suicidal policy; and yet this is their condition today. Those who give the first place to economics and pay scant attention to religious, ethical or humanitarian considerations proclaim from the housetops that the farmer is being devoured by his cattle due to the cost of their feed which is out of all proportion to what they yield. They say it is folly not to slaughter wholesale all useless animals.

What then should be done by humanitarians is the question. The answer obviously is to find a way whereby we may not only save the lives of our cattle but also see that they do not become a burden. I am sure that co-operative effort can help us in a large measure.

The following comparison may be helpful:

1. Under the collective system no farmer can keep cattle in his house as he does today. They foul the air, and dirty the surroundings. There is neither intelligence nor humanitarianism in living

with animals. Man was not meant to do so. The space taken up by the cattle today would be spared to the farmer and his family, if the collective system were adopted.

2. As the number of cattle increases, life becomes impossible for the farmer in his home. Hence he is obliged to sell the calves and kill the male buffaloes or else turn them out to starve and die. This inhumanity would be averted, if the care of cattle were undertaken on a cooperative basis.

3. Collective cattle farming would ensure the supply of veterinary treatment to animals when they are ill. No ordinary farmer can afford this on his own.

4. Similarly one selected bull can be easily kept for the need of several cows under the collective system. This is impossible otherwise except for charity.

5. Common grazing ground or land for exercising the animals will be easily available under the cooperative system, whereas today generally there is nothing of the kind for individual farmers.

6. The expense on fodder will be comparatively far less under the collective system.

7. The sale of milk at good prices will be greatly facilitated, and there will be no need or temptation for the farmer to adulterate it as he does as an individual.

8. It is impossible to carry out tests of the fitness of every head of cattle individually, but this could easily be done for the cattle of a whole village and would thus make it easier to improve the breed.

9. The foregoing advantages should be sufficient argument in favour of cooperative cattle farming. The strongest argument in its favour is that the individualistic system has been the means of making our own condition as well as that of our cattle pitiable. We can only save ourselves and them by making this essential change.

I firmly believe too that we shall not derive the full benefits of agriculture until we take to cooperative farming. Does it not stand to reason that it is far better for a hundred families in a village to cultivate their lands collectively and divide the income therefrom than to divide the land any how into a hundred portion? And what applies to land applies equally to cattle.

It is quite another matter that it may be difficult to convert people to adopt this way of life straightaway. The straight and narrow road is always hard to traverse. Every step in the programme of cow service is strewn with thorny problems. But only

by surmounting difficulties can we hope to make the path easier. My purpose for the time being is to show the great superiority of collective cattle farming over the individual effort. I hold further that the latter is wrong and the former only is right. In reality even the individual can only safeguard his independence through cooperation. In cattle farming the individual effort has led to selfishness and inhumanity whereas the collective effort can abate both the evils, if it does not remove them altogether.

(*Harijan*, February 15, 1942)

CHAPTER XI

THE PROSPECTS FOR INDIA AND THE PROGRAMME

Prospects

11.1. Present experience of cooperative farming in India provides no guide for determining its future possibilities. The number of genuine cooperative societies is small. Outside India the experience of cooperative farming has been hitherto confined mostly to communist countries like Russia, States of Eastern Europe and China. The only non-communist country to develop cooperative farming on a large scale has been Israel where Jewish settlers from outside imbued with a strong patriotic feeling were settled on land in cooperative groups assisted by a heavy financial investment. Its experience has, therefore, limited application. In Russia collectives were organised at a very heavy cost involving ruthless action against protesting cultivators. The progress of cooperatives in the East-European countries has not been substantial. We have no knowledge of the precise causes for the indifferent success of the cooperative movement there. China is the only country where agrarian cooperatives have been developed on a nation-wide scale. These cooperatives are doing well and have helped to increase production and provide more employment to the Chinese farmers. During the course of our short visit we were unable to observe any stresses or strains in their working. China appears to have benefited from the experience of other countries and evolved new techniques and methods of working which have enabled large numbers of peasants to work together harmoniously with incentives for individual and group working.

11.2. From the Indian standpoint the Chinese experience is the most valuable as the agricultural conditions in the two countries are very largely similar. Two factors, however prevent the complete acceptance of the Chinese experience in our conditions. Firstly, the Chinese experience is of a short duration. Many of the cooperatives have been formed only recently. Secondly, the Chinese success has been achieved under the Communist or one party system of administration which is different from the Parliamentary system prevalent in India. The former system is characterised by the absence of a regular opposition and a system of elections in which the ruling party runs no risk of a defeat and consequent substitution by another political party. The non-functioning of an opposition enables such a regime to propagate unhindered a particular ideology among the people which renders its acceptance by them much easier. Moreover while the communist countries seek the elimination of classes

by accentuating class conflict, the democratic countries seek to transform by peaceful means the present exploitative relationship between the different classes to one of cooperation and mutual benefit. The change from family farming to cooperative farming will involve considerable adjustments in the agrarian structure. In this, the task of a parliamentary democracy will be more difficult.

11.3. The difficulties inherent in the change from individual farming to agrarian cooperatives are great and must never be minimised. Individual farming has been a way of life for centuries. The individual owner is his own master. If he joins a cooperative, he has (i) to surrender his right of individual management of his farm, and accept the discipline of a group; (ii) to place his capacities for production at the disposal of the group, and accept their valuation of them; and (iii) to accept some diminution in the transferability of his individual interest in land. These disadvantages appear formidable to him. His apprehensions could indeed be removed to some extent by a demonstration of successfully run agrarian cooperatives. It could be shown, for instance, how techniques of working can be introduced which provide for maximum individual participation, do away to a large extent with the evils of bureaucratism and commandism and thereby ease the acceptance of group discipline. Evolution of norms and targets can provide respectively for the preservation of individual and group incentives. Cooperatives also offer opportunities for sharing much wider responsibilities than in individual farming thus mitigating the possibility of a wrong judgment of individual capacities. Though joining an agrarian cooperative does mean a diminution in the transferability of individual interest, it is partly provided for by allowing the free exercise of the right of a member to leave the cooperative at his will. Once he is out his transferability is restored. Moreover the members could be permitted to transfer their ownership interest, *i.e.*, the right to rental. Besides, after land reform the demand for land is likely to diminish and transferability will have correspondingly less attraction.

11.4. In this connection we would like to invite attention to a circumstance which dawned on us rather forcefully in the course of this tour. As stated earlier, land reforms were undertaken both in China and Japan and numerous small owners were created in both countries. Thereafter many of the small owners sold their land, which were purchased by the comparatively well-to-do farmers. In China this process continued till it was stopped by the development of cooperatives. Had it remained unchecked a situation similar to

the one prevalent before land reform would have gradually developed; land concentration would have increased, the poor selling their lands and the rich amassing it. In Japan, the process still continues and the Economic Report for 1955-56 complains that polarisation is taking place in the agrarian economy. We have referred to this in Chapter IX. In our view this is the inevitable result of a free transferability of land. Thus, while the right of transfer may be of a doubtful value for the individual, from the point of view of the State it is bad, as in a welfare society the liability for finding work and employment as well as land for such people would again fall on the State. In fact, the various restrictions on the right of free sale existing in the old tenancy laws appear to have been imposed on these considerations. From this point of view, the diminution of the right of free alienation operating in an agrarian co-operative may be a boon in disguise.

11.5. Thus by evolving suitable techniques and procedures, the disadvantages which a farmer may feel in joining a cooperative, could be minimised, but their basic character would not be altered. As against these disadvantages, there would be prospects of increased production and possibilities of a higher standard of living which would be demonstrated as years go by. In joining a cooperative, the farmer will naturally weigh these advantages against the disadvantages. His decision will naturally be subjective because the disadvantages are not capable of economic evaluation as the advantages. It is possible that to some the material advantages of increased production would out-weigh the sacrifice they would be called upon to make in accepting group discipline, group estimation of their abilities and the restrictions on transferability. To many others, the sacrifice involved in accepting the new way of life may be too great to be compensated by material gains. It has been a common experience of group working, whether within a family or outside it, that consideration of material benefits often fail to keep the people together, unless there are higher considerations of social value. For inducing peasants to join cooperatives of any grade and later to keep them together, it would be necessary we feel, that considerations of material gain are combined with higher considerations of socialism, and patriotism. In the scheme of things as we visualise, each peasant is to join an agrarian cooperative voluntarily. He would do so, if he gets convinced positively that it is only through working in agrarian cooperatives that he and his future generations can have a higher standard of living, that the nation can advance by increasing the

level of production and employment, that speedy and increased industrialisation cannot be brought about except in this way and that if he fails to do so the nation will be permanently condemned to a comparatively lower standard of living and production. Briefly, he must have the same conviction which makes some intellectuals feel that agrarian cooperatives are the only solution for our agrarian problem. These are subjective considerations incapable of being objectively demonstrated in a positive way; hence the greater importance of an appropriate atmosphere in which this transformation can be brought about. This atmosphere is also necessary to enthuse the farmers for putting forth their best efforts not only for personal gains, but more so in the interest of the whole group and the community. It is necessary not only for inducing farmers to join cooperatives, but also for making them stay there during the initial few years. We have already referred to the various problems of human adjustments which are involved in the process of the joint management of land. An individual farmer has to subject himself to the decision of a group; hence until the farmers get sufficiently accustomed to the new way of management of land many problems are bound to arise and their solution will present difficulties. During this process the tendency to get out of the cooperative and start on one's own again will also be there. This can only be countered by some strong cohesive sentiment which can bind the people and keep them united so that they can withstand the temptation of by-passing a difficulty by leaving the cooperative. When cultivation is done through machines, the sharing of common instruments of production could be a cementing factor. In the measure that a cooperative can become mechanised the tendency to revert to family farming may be less. But under our present day conditions this is not a possibility for many years to come and a strong ideological conviction can be the factor for keeping the cooperatives intact.

11.6. It will thus be clear that a programme of agrarian cooperatives can only develop in a particular atmosphere. Its essentials are that social values and social outlook will progressively change to a more egalitarian, non-exploitative social and economic order. The right in work and to obtain a reasonable return for it will have to be recognised, and socio-economic conditions will be so created that human capacities, physical and mental, as producers of wealth, have a higher return in society and therefore will be more sought after than inherited wealth or accumulations of wealth. The difference in incomes between soft collar and manual occupations which we notice today, particularly in higher grades will have to be progressively

reduced. There will be a realization in all sections of society that in the larger national interest individual incomes and purchasing power have to be restricted. An atmosphere of austerity will prevail all over. The most backward sections of the community, the landless, the beggar population, the prostitutes who are forced to sell their bodies for a living, will strike a more sympathetic chord in our hearts. The right to education, far from being the monopoly of the few who can afford it, will have to be universalised and if restrictions have to be imposed, some rational test, other than the capacity to pay, will have to be devised. Classes in society will find in the service of the nation a satisfaction for their individual urges in place of a high monetary reward as at present. Briefly it will be an atmosphere of patriotism, of socialism, of democracy and a planned economy, which will provide the urge and the idealism for the whole nation to sacrifice for the common cause and the farmers as a part of the nation could be persuaded to pour their offering in what will be a national yagya (sacrificial fire).

11.7. All this involves a certain conviction on the part of the national leadership about the need and urgency of this programme for cooperativisation as well as about its practicability. In this connection our attention has been drawn to the following statement in the Second Five Year Plan.

> "There is general agreement that cooperative farming should be developed as rapidly as possible. The practical achievements in this field are, however, meagre. The main task during the second five year plan is to take such essential steps as will provide sound foundations for the development of cooperative farming, so that over a period of 10 years or so a substantial proportion of agricultural lands are cultivated on cooperative lines. Targets for cooperative farming to be achieved during the second five year plan are proposed to be determined in the course of the first year of the plan after discussing with individual States and reviewing the developments and experience gained so far. These targets will be related closely to and dovetailed with the targets of agricultural production and the programme of national extension and community project areas".

We have been informed that this has the unanimous approval of the National Development Council on which are represented besides the Planning Commission, the Chief Ministers of all the States in India. It has been suggested that we should draw up a programme

for India on this consideration. We would point out that the present atmosphere in the country is not indicative of the acceptance referred to above. The danger of a divided leadership on an issue which involves a radical change in an age-old outlook on the part of a naturally conservative class as the farmers should be obvious. Lest it be assumed that what we are pleading for is the acceptance of an attitude on the part of the Government, which involves thrusting a programme of cooperative farming on the people of a democratic country, we would like to clarify that nothing is farther from our minds. What we are pleading for is not the execution of any programme at all, but a positive view on this all important question for our future.

11.8. That reorganisation of agriculture on cooperative basis offers very material advantages, will not be denied. We have outlined them at some length in the previous chapter. It is equally evident to us that cooperativisation will involve a change, which will affect many of our social institutions. In asking a cultivator to join an agrarian cooperative, we shall in fact, be asking him to accept a new way of life. The real issues, therefore, are: will any democratic values be lost in the process? If so, are the advantages to be secured of a nature and character which would counterbalance this loss? The final decision on these questions will necessarily be based on subjective considerations, which in the ultimate analysis will differ according to one's outlook and sense of values. The advantages to be gained are of an economic and social character. The loss has certain social values attached to it. Our own view, after seeing the developments in China, is that there is enough ground for the conviction that a fair trial should be given to the new system in India. But this can not be done in the absence of a conviction about the imperativeness of this solution for our agrarian problem. In any democratic system, in the ultimate analysis, it is the people's reaction to the programme that will govern not only its actual progress, but also the intensity of conviction of the national leadership. In our country on account of free elections there is a greater possibility for the leadership and public opinion to react on and mould each other. The people have to be convinced not only about the theoretical background which has influenced the decision of the national leadership but also of the practicality of such a programme and that it can, in practice, justify all the claims made for it. Hence the great importance of a demonstration programme. We are recommending in the latter part of the chapter that in the next few years, the nation's energies be directed to making existing societies a success, and establishing new societies wherever possible, particularly on all government land, which would be hereafter given out for cultivation.

11.9. As the demonstration programme advances, both the leadership and the people will have obtained greater confidence, and that would be the stage to make it a nation-wide movement. Till then we expect that the special action in the rural sector which we are recommending would also have been completed. Related action in other sectors would also have been initiated. We would however refer to two safeguards, which in our view should satisfy even the most extreme advocate of democratic values. We are insisting that the principal of voluntariness should be scrupulously adhered to, and there should be no coercion of any type in inducing farmers to join cooperatives. And secondly, a person should be free to leave a cooperative whenever he chooses to do so, his decision being effective at the end of a season. In such an event he should be given a plot of land outside the area of the cooperative, so that the compactness of the cooperative is preserved, and he should be made to accept liability, if any, for any improvements on the plot of land made by the cooperative. And finally, all efforts by the State to persuade farmers to join cooperatives, must aim at producing in them a conviction to join a cooperative and not act, directly or indirectly, as leaving them no alternative but to join. Various examples of this could be given. If, for instance, under the pretext of making preferential supplies to cooperatives, supplies to individual farmers are barred, they would have no alternative but to join. These examples can be multiplied. The test of farmers joining voluntarily or not is whether the last decision to join is with them. State efforts should produce acceptance by the farmers of the cooperatives born of conviction and not compulsion.

Land Reforms

11.10. We now proceed to examine what steps would be necessary in the rural sector in order to create an atmosphere favourable to the formation of agrarian cooperatives. This atmosphere should be one of equality and non-exploitation. In creating such an atmosphere land reforms will play a vital role. Our proposals for land reform follow mainly our analysis of the agrarian situation in the previous chapter. We found that there were large disparities; that over a large portion of the area, cultivation is done partly or mainly with the assistance of hired labour; that there were limitations to the possibility of land development and intensified cultivation through hired labour. Land and capital are scarce and manpower is plentiful. For increasing production and raising standard of living the rural economy has to be so reorganised that planned utilisation of land, manpower and capital resources becomes possible and intensive agri-

culture may be practised without great regard for considerations of outlay and return involved in family farming. The problem therefore is to devise for land reforms a pattern which will provide for labour the maximum incentive for work on the land and the classes affected have a reasonable chance of adjustment to the changed conditions.

11.11. Our proposals for land reform must have two objectives, namely: (i) discouragement of cultivation through hired labour, and (ii) availability of land to those who want to earn a living by working on it. We are, therefore, proposing that every family should be entitled to retain for personal cultivation only so much land as it can cultivate through its family labour. The excess land should form part of a pool which will be cultivated cooperatively by all the people who care to join it. Rent should be payable for the surplus taken over from the substantial farmers. We suggest that for resident cultivators the rent for surplus land may be higher than the legal rent prescribed by law. We are basing this suggestion on the consideration that the substantial farmers who would be affected by the above proposal, though small in number, yield a considerable influence in the villages and it would be desirable to soften their opposition to the programme and get their cooperation in its successful implementation. If the excess land is tenancy land, the tenant who will be classed as a resident cultivator, will receive from the cooperative the rent fixed for resident cultivators and will be liable to pay to his landlord only the legal rent. For surplus land of absentee cultivators only the legal rent will be payable. We would also suggest that the rent should be determined either in cash or as a fixed quantity of produce on the basis of the existing productivity of land so that the benefits of increased production which accrue as a result of investment of the cooperative should be available wholly to the cooperative with which the lands are settled. We envisage that the State would accept responsibility for the payment of rent and interpose itself between the owners and the cooperatives. The State could utilise the village agency for discharging this obligation. These rents will be payable so long as similar returns in other sectors are allowed.

11.12. The surplus land thus obtained should be available for cultivation by cooperative groups of landless agricultural workers and small farmers who agree to pool their own lands with the surplus. Some figures worked out by us in an Appendix to this report show that the land which would thus, be available in the pool, would provide reasonable work opportunities even if all the landless work-

ers and the petty farmers agree to join. The medium farmers will be encouraged to join the cooperative farms. The substantial farmer whose surplus land has come into the pool may also be inclined to join the co-operative. All families whether of landless workers and small farmers or other farmers will have equal opportunities for work on the lands pooled with the cooperative. The farmers who have pooled their own lands will be entitled to ownership dividend in addition to payment for work. The entire net produce will thus be distributable on two accounts, partly as ownership dividend and partly in proportion to the labour put in by each member. Thus, it should be possible to develop a cooperative sector in the village in which a substantial number of the people subsisting on land will be included. It may be asked what would be the future mode of cultivating surplus land should cooperatives not be formed or being formed should have to be dissolved. We anticipate that such a possibility is somewhat remote. However, in the event that a cooperative is not formed or is dissolved, we visualise that the land may be distributed equitably between the landless and the small owners and it should be left to them voluntarily to form themselves into cooperatives at a later stage.

11.13. Our proposals for land reforms would appear to be indicated in India's condition quite apart from the programme of agrarian cooperatives. 'Land to the tiller' has been the policy for quite some time. The measures of land reforms so far adopted aim, mainly, at tenancy reforms. The landless agricultural workers who are the real tillers and who are perhaps also the most exploited have not had so far a fair deal. The proposals made by us will afford an opportunity of providing land to these most handicapped and backward sections of our society whose only source of livelihood is labour on the land. The great pressure on the land which exists in our country makes land also a scarce resource and its equitable distribution among those who labour on it is a national necessity. We have noticed that though China and Japan differ very widely as regards their theoretical approach to the problem of rapid economic development, both adopted radical measures of land reform. It appears to us that under Indian conditions a radical programme of land reforms is a necessary *sine-qua-non* of rapid economic progress. It is possible that to some extent our suggestions may look rather radical. In practice what we are suggesting is that personal cultivation should be ensured in its real sense and the land which a person cannot cultivate personally by his family labour, should be managed for him by the community, he being ensured of an adequate return for his rights in the land.

Village Leadership and Decentralisation

11.14. These fundamental changes in the land sector could not be carried out unless a sound village leadership can be developed. By village leadership we understand a group of people in the village who are able to mould village opinion and have the capacity to take the village with them. Importance of such a leadership is obvious. It provides an agency for entering into communion with the village and does away with the necessity of contracting and convincing each individual family in the village. We have already indicated how, in China, village leadership was organised in the peasants' associations who formed the nucleus for the subsequent land reform programme and provided leadership for the cooperatives. We have already indicated how much we were impressed with the leadership in the Chinese villages. The agrarian cooperatives provide village leaders, both men and women, with a chance of shouldering responsibility and displaying initiative. As a rule it can be stated that in the agrarian cooperatives in China youth is in the forefront and women have been playing an important role in the village leadership.

11.15. This leadership can only be built up on the basis of programmes of work executed in the villages by the villagers. A decentralisation of political power and administrative responsibility will help to create conditions in which new avenues of work could be created in the villages. One reason for the success of the agrarian cooperatives in China is the fact that the Hsiang administration is charged with the responsibility of 'giving leadership to the peasants in the cooperatives to increase production.' They are thus responsible for seeing that the cooperatives are a success. They have to remove all the difficulties of the cooperatives. It is the close association of the administrative element in the Hsiang with the office-bearers of the cooperatives that has made the cooperatives in China a success. In a similar way at the county level which is the next level above the Hsiang and may be said to correspond with our subdivision, elected representatives assume full responsibility for certain functions.

11.16. We cannot obviously have a single party leadership or unified leadership in our rural areas as exists in China. This is ruled out by the system of our parliamentary democracy. We have indeed tried to experiment with the idea of having a non-party village leadership. It was suggested that the Panchayat elections should not be fought on party lines. But our villages are torn in factions and if not in Panchayat elections at least during general elections political parties are not slow to take advantage of these factions. Perhaps

factions are there because there is no work of an absorbing nature to be done in the villages which could utilise the spare time and energy of the village folk. Even so, we feel that political parties at the top are bound to have their repercussions in the village and we must reconcile ourselves to a situation in which village leadership remains divided and will claim allegiance to different political parties. But this should be no reason for minimising the importance of village leadership or despairing about its utility. At the worst it may happen that a village may have more than one cooperative. This need not in any way affect our programme. We have already indicated what we feel to be the only way to promote and develop village leadership. We must delegate sufficient authority and power to village bodies to manage village affairs and see that there is no case for interference with their decisions where these are in accordance with representative village opinion. In this connection we would like to draw attention to the various functions, relating to management of land, development, civil and administrative matters, and land reform which have been recommended for being entrusted to village Panchayats by the Planning Commission.

11.17. Similar problems arise when we consider the question of organising the women and the youth. The existence of different political parties is likely to lead to the formation of rival organisations. Barring a few exceptions the situation today is that in these two sectors, there is practically little organisation or development of leadership. The youth have, therefore, no outlet for their energies, ability, enthusiasm and disciplined efforts. The extreme backwardness of our women in rural areas can not be adequately tackled unless a women's organisation is able to reach them. We feel that the dangers of similar organisations by rival political parties are not so great as the danger of complete inaction in these fields. Different political organisations functioning in a democratic country will soon find ways of adjusting themselves to the demands of a democratic system.

11.18. We have already indicated the important part which Party cadres have played in China in the formation of agrarian cooperatives. They have also helped to build up village leadership. Under our democratic conditions many parties are operating in the country. Cadres of different parties could work in the villages and perhaps different cooperatives may have different political complexions. But it is necessary for this purpose to have an effective party organisation for the development of such programmes, and this means a change in the character of party organisations, from vote collecting institutions to giving leadership to the people in executing particular programmes.

11.19. We see, in a national programme of agrarian cooperatives, a capital opportunity for constructive work for the political parties in India who believe in it. "A broad based organisation can only be a vital force with a broad based leadership drawing its experience from the masses and enthusing and encouraging the masses to mass action and in the process fashioning its mind as well as the mind of the masses" (All India Congress Committee bulletin). It is only to the extent that these expectations are actually realised that a political party can provide real leadership in the furtherance of such a programme.

Role of Administration

11.20. The administration is the second arm of the Government in carrying out measures which have far-reaching social and economic significance, the first arm being the political party in power. In our country, both the party and administration have a very vital role in the national development programmes. In a democracy though the politcal leadership changes through general elections, the administrative set up remains unaffected. The administration must therefore have a non-party character so that it can adjust itself to any politcal executive that wins the general elections. Individual members of the administration may hold personal views, but the administration as such cannot be wedded to any particular ideology in bringing about socio-economic changes. On the other hand, the effectiveness of administrative efforts would depend as much on the policies which govern those efforts as on the spirit permeating the administration in executing them. An intense patriotic urge to develop the nation can greatly intensify these efforts. The patriotic urge in our present context is the ambition to raise the material and cultural levels of the country and more particularly of the most backward sections of it. To the extent the administration shares that attitude, it will be able to develop the patriotic urge which must provide the motivating factor for a higher and better type of work out-put. Historically our administrative system originated in inequality and distrust. Perhaps there was a justification for this during the period of the British Rule as it helped to highlight the position of the British in the administration. It was for this reason that superior grades were so highly paid and there was such a large gap between the lowest and the highest; and various procedures were evolved which handicapped the acceptance of responsibility and quick action. The atmosphere for national development was lacking and the administration was engaged mainly in looking after the law and order situation. Conditions have altered in the last 10 years since independence and there is a great deal

of scope for constructive work by the administration which will benefit the community. Although a change in the attitude of the administration is noticeable, the old system, traditions and out-look have not yet disappeared and it becomes difficult for the administration to function on the basis of trust and cooperation as between equals. Identification with the people is made further difficult by the fact that higher services usually come from higher classes and castes in society.

11.21. In a situation where political parties in the country are not sufficiently active in the rural areas, the administration is called upon to play a more positive part. In these circumstances the obligations of service become more onerous requiring greater devotion to duty. In our view this will not be forthcoming in a satisfactory measure unless the reorganisation of services is effected to make them a truly cooperative organisation dedicated to the task of building up a new India. Such an organisation has to be socially and economically more homogenous and organisationally more effective than at present.

11.22. These programmes are in any case necessary for national development and will have to be taken independently of a programme for agrarian cooperatives. In the context of agrarian cooperatives and their relationship with the rural sector they assume an added importance.

Programme

11.23. In the foregoing paragraphs we have outlined the essentials of a climate which would promote the growth of agrarian cooperatives. We have also indicated the steps that would be necessary, particularly, in the rural sector for creating such a climate. In this connection, we have outlined the measures of land reforms for creating an atmosphere of equality and non-exploitation in the rural sector. As soon as policy decisions on these suggestions are taken, it will be necessary to enact suitable legislation and simultaneously take steps for organising cooperatives of the likely beneficiaries so that when the surplus land is determined, there should be cooperatives in the field, which can take up its cultivation and management. Though no firm estimates could be framed of the surplus that is likely to be available, it may mean anything between one-fifth and one-fourth of the total area. We are mentioning this to emphasise the gigantic nature of the task involved in the proposed re-organisation. We propose that during the next four years the State Governments should

take necessary steps in this direction and build up suitable organisation at various levels. In this connection we have made some suggestions in subsequent paragraphs.

Targets

11.24. As we stated earlier, we do not visualise any compulsion in bringing about the agrarian transformation on cooperative lines. A proper climate will be conducive to the acceptance of the programme. Even so, the cultivator has to be persuaded that the programme is as much necessary in his interest as in the higher national interest. It is important, therefore, that a well laid demonstration programme should be worked out. The success of such a demonstration programme is of the highest importance because on its results will depend the future of cooperative farming in India. The object should be to have at least one cooperative farming society in every group of fifty villages by 1960-61. This would mean roughly about 10,000 societies. In this connection we may mention that in most States some agricultural lands are available with the Governments in which permanent rights have not accrued to individual peasants. We suggest that wherever a sizeable area is available, it should be settled with cooperatives consisting of landless agricultural workers for cooperative farming. Small owners should also be admitted to these cooperatives, wherever they agree to pool their lands.

Role of existing societies

11.25. In a demonstration programme the existing cooperative farming societies have an important role to play. We have indicated in an earlier chapter that some of these societies have been established to circumvent land reform legislation. There are others in which members do not participate in agricultural operations and the work is carried out largely by employing hired labour. We feel that such societies serve no useful purpose and be wound up as soon as possible. It would be desirable, therefore, to undertake a quick survey of the existing societies so that only the genuine societies are retained and are properly helped to serve as useful demonstration centres. The suggestions made by us in the latter part of this chapter relating to State assistance, internal organisation and management etc. should be tried out in these societies, in the first instance, so that experience may be gained immediately and suitable techniques and methods evolved.

11.26. Cooperative farming has no uniform connotation in this country. We would, therefore, like to indicate the types of cooperative farming societies which we have in view. The All India Co-operative Planning Committee classified cooperative farming into four categories, namely:—

(i) better farming;
(ii) tenant farming;
(iii) joint farming; and
(iv) collective farming.

In a better farming society, the members continue to cultivate their lands individually. The society assists them in obtaining credit, supplies and marketing, and, wherever possible, practising improved methods of farming and crop planning. The functions of better farming societies are thus more or less similar to those of multi-purpose co-operatives. Tenant farming societies obtain land on free-hold or lease-hold rights and parcel out the land among the members in suitable plots so that each member-cultivator has a separate plot to work on, the society assisting him by way of credit, seeds, manures, implements etc. In a joint farming society, the cultivators pool their lands for joint cultivation and management but retain ownership of their individual plots and obtain ownership dividend for their rights in the land. In a collective farming society, not only the lands are cultivated and managed jointly but the ownership of lands also vests in the society so that no ownership dividend is payable. The better farming and the tenant farming societies, though they can play an important part in the agrarian economy, have no element of joint cultivation and management. The term co-operative farming used in this report is intended to apply to joint farming and collective farming societies. We suggest that wherever lands are pooled by individual cultivators for co-operative farming, joint farming societies may be encouraged. Where societies are formed on lands belonging to Government or on the surplus lands that may be obtained, it would be desirable to organise collective farming societies. We would, further suggest that only such persons should be admitted as members of a co-operative farming society as agree to participate in the work of the society from day to day. It would be desirable to prescribe a minimum area as well as a minimum membership for the registration of a co-operative farming society. Depending on the pattern of crops, a co-operative farming society in a rice tract may have a pool of 35 to 50 acres of land whereas in cotton and wheat zone the area may be 60 to 100 acres. The minimum number of members may be 7 to 10. The optimum area of a co-operative farm would depend upon the

techniques that may be employed. In the initial stages, it may not be necessary to insist that there would be only one society in a village. Wherever two or more societies are formed in a village, they could be encouraged to have a joint committee for securing services and supplies at the cheapest possible rates.

Organisation at the Centre

11.27. For the execution of the programme outlined in the above paragraphs, it would be necessary to build up, as a first step, a suitable organisation at various levels. At the national level, the responsibility of planning and promoting programmes of co-operative farming should be entrusted to the National Co-operative Development and Warehousing Board which has been recently set up by the Government of India. There should be a standing committee of the Board to deal with matters relating to co-operative farming. The Committee should include among its members persons with knowledge and experience of the working of co-operative farming inside or outside India and some eminent agricultural economists. The committee should work in co-operation with its counter-part committees in the State. Financial and other assistance for co-operative farming should be provided by the Board on the advice of this committee. Government of India may increase its contribution to the Board so that the programme can be implemented on the scale envisaged by us. To assist the Committee and for advising the State Governments in the formulation of programmes for co-operative farming we suggest the appointment in the Ministry of Agriculture of a special officer for co-operative farming who should be assisted by specialists in the following subjects:—

1. Labour organisation and annual planning.
2. Public participation and leadership.
3. Financial and accounting procedures.
4. 'Norms' and agricultural production.
5. Organisation of small-scale industries.
6. Training programmes and education.

The unit mentioned above can be strengthened, if necessary, as the programme develops.

Organisation in the States

11.28. In the States, we suggest the constitution of a Committee which may be presided over by the Minister-in-charge of Co-operation and should include among its members the following:—

(1) Minister for Agriculture,

(2) Minister for Cottage Industries,

(3) Two members of the State Legislature,

(4) Chairman of the State Co-operative Council or Provincial Co-operative Institute,

(5) Three non-official members who have experience of the working of co-operative farms,

(6) An Agricultural economist,

(7) Development Commissioner,

(8) Registrar of Co-operative Societies,

(9) Director of Agriculture.

The committee will be responsible for planning and executing programmes of co-operative farming, suggesting measures necessary for encouraging public participation and leadership at the village and other levels, formulating programmes of training, working out patterns of financial assistance and reviewing the progress from time to time. It will work in close co-operation with the Board and its committee for co-operative farming at the national level.

11.29. The State Committee may be assisted by a sub-committee which could meet more frequently. The Development Commissioner may be the chairman of the sub-committee. Other members of the sub-committee should include, Registrar of Co-operative Societies, Director of Agriculture, and one or two non-officials. We recommend the appointment of a special officer for co-operative farming in each State. He should be the Secretary of the committee and the sub-committee mentioned above. He should be assisted by specialists, as at the Centre. He will also need the assistance of special auditors for co-operative farms and a few assistants who could go round and guide the work in the field.

In each district, there should be a committee which may be presided over by the district officer. This committee may be a sub-committee of the District Development Board and should include among its members, representatives of co-operative farming societies, other co-operative societies and panchayats. In the field, the work of organising co-operative farming societies will be done by the staff of the national extension service or the community projects. At this stage we do not visualise the appointment of any special staff for organising co-operative farming societies. We are however making a suggestion for training suitable youngmen for rural areas in the philosophy and techniques of co-operative farming who should be of valuable assistance to the staff of the national extension service or the community projects in organising co-operative farms.

Village Organisers

11.30. There is a great deal of potential young leadership in the village which remains unutilized at present. Some of it gets diverted to unprofitable and harmful directions because there is absence of opportunities for its use in constructive work. This trend will continue and may be even aggravated, much to the disadvantage of the community and the nation, unless a scheme is evolved to use their energies. This young talent should be harnessed for educating the people and explaining to them the programme of agrarian co-operatives. It can also provide leadership for co-operatives when they come into existence. Most young men from rural areas have practical knowledge of agriculture and many engage themselves in farm operations in one capacity or another. They have some means of living although not always for the whole year. We consider that if a team of two such young and capable men from each village is selected and given about 3 months' training, it will serve as a catalytic agent for spreading the knowledge and information among the villagers and act as the nucleus around which co-operatives may grow. We, therefore, recommend that during the next four years about two lakhs young men should be selected and trained. The course of training should consist of the knowledge of:—

(a) the principles of co-operation, and co-operative farming and progress of co-operative farming in India and other countries,

(b) the methods which will ensure maximum voluntary participation of the members,

(c) the practices which will lead to higher agricultural production,

(d) the methods of work organisation in co-operative farming societies,

(e) modes of fixation of remuneration for work so that incentive for individual workers is maintained and community sense developed,

(f) the manner in which annual and short period plan should be prepared so that local resources are utilized more fully to increase production, employment and income, and

(g) the procedures of accounting which could be easily understood and adopted by cultivators.

11.31. Thus there would be two men in every group of four or five villages who can promote informed discussion and thinking which is

the only sound foundation for building co-operatives. This process of education and learning will not be a mere one way affair. The trained men will also communicate to those higher up doubts and difficulties that are either presented to them or occur to them and attention will be devoted to finding solutions of practical problems. For ensuring follow up action and exchange of experience, we suggest that at the end of one year a refresher course be organised to which the young trainees should bring their experience. The training should not only equip them to educate the people but also to organise and assist co-operative farming societies or other group activities of economic nature. We do not visualize that these young men will be enrolled as government functionaries. On the other hand, we feel that they should be able to provide sound leadership to the co-operatives that may be organised by them and work as their executives. The only cost to government would be the expenditure incurred in their training. We are purposely suggesting two men from a village so that they can sustain each other in their work. As the bulk of the membership of co-operatives is likely to come from the small farmers and landless agricultural workers, it would be desirable to take as many trainees from among them as possible. While selecting candidates for training, preference should be given to members of genuine co-operative farming societies which are already in existence.

Techniques of management in co-operative farms

11.32. We have visualised above the formation of two types of co-operative societies, namely, co-operative joint farming societics and co-operative collective farming societies. In either case, the land will be pooled. The techniques and internal management of either type of society will, therefore, be essentially the same. The two types of societies will differ in this that in the case of former a certain ownership dividend or land dividend would become payable to the owners of land, whereas in the case of latter no such dividend will be payable. In fixing the rate of dividend it has to be kept in view that cultivators are to be persuaded voluntarily to organise themselves into co-operatives. The adoption of measures of land reform will reduce inequalities considerably. So long as some inequalities continue, it will be necessary to ensure that a fair proportion of the total produce is given to them as ownership dividend. In this matter, the Chinese experience has a lesson for us. In the early stages of their programme, they took care to see that no hardship was caused to the owners. There is one point, however, to be borne in mind in the fixation of ownership dividend. As co-operative working develops, we anticipate that

land will be improved and intensive cultivation would be possible and therefore production would increase. It will be necessary to ensure that the entire increased production is shared by the members in proportion to the work put in by them. We would, therefore, suggest that the ownership dividend should be fixed on the basis of the productivity of each plot as it stood at the time of pooling of land. Such a course will be justified, as the improvement will be made by the investment of resources and organisational skill of the co-operative and not the individual landowners.

11.33. With regard to implements and draught cattle, there would be an advantage if most of the implements are pooled and owned by the society. The implements pooled by each member could be valued on a fair basis and this valuation could form part of the share-money to be credited to the member. As regards draught cattle, there are two possibilities, namely, the cattle may be pooled or they may be retained by individual members. There are advantages and disadvantages about the adoption of either course and we may not at this stage insist on the adoption of one or the other. Each society may pursue the course which it finds more convenient in the early stages of its programme. Where cattle are retained by individual members, it will be necessary for the society to determine the total number of cattle that would be required for the working of the lands of the society. The society will also decide which of the members would retain cattle and how many would be retained by each. A mutually agreed rent will have to be paid for the use of the cattle. It will also become necessary to ensure the supply of sufficient fodder for the use of draught cattle maintained by individual members. Where draught cattle are pooled, they will have to be valued on a fair basis and the value so fixed credited to the share capital or taken as deposit, refundable in suitable instalments.

11.34. In working out techniques of management, the principles to be kept in view are that (1) active participation by members should be assured and (2) incentives should be provided for securing both quality and quantity of work. In any group working there is always a danger of bossism and commandism which destroy individual initiative and retard the growth of democratic working. Besides, in agriculture there could be no fixed hours of work. Operations have to be carried out at all odd hours. It has also to be ensured that the entire family-labour is utilized. Development of suitable techniques of work, distribution and work supervision is, therefore, of the greatest importance to co-operative working and should receive the highest priority.

These problems have not received sufficient thought and attention so far. It is frequently noticed that one or two members of a society between themselves dominate the whole society and the individual members are not associated to any degree. The experience of China may be a useful guide. We have earlier mentioned how the Chinese organise the operations in teams. Where teams are large they are divided into groups. Each group works under its own leader and on a definite area. Techniques of co-operative management will have to be evolved in India suitable to its own conditions. The Chinese method of team and group working could be adopted wherever feasible. Alternatively, it may be possible to centralize the principal operations (such as ploughing, sowing and harvesting) and subsidiary operations (such as weeding, hoeing and irrigation) could be carried out in small groups or even on family basis in order to ensure individual initiative. For curbing a tendency towards bureaucratisation, it should be useful to require that the office bearers, manager and other employees of a society should participate in the farm work for a certain minimum number of days.

11.35. Another important aspect of co-operative management is the assessment of performance and payment. Many existing societies in India are not running well because of their unsatisfactory labour organisation. The practice generally is to make payment for work on daily wage basis without reference to quantity or quality of work put in. The payment is also unrelated to the produce of the co-operative farm. Frequently, therefore, the members lose interest in the day to day working of the society and not unoften the societies run into a loss. In fixing the rate of payment there are two principles to be kept in view. Firstly, it is the net produce of the society (*i.e.* the gross produce less the payments for rents, taxes, and payments for items other than the labour of the members) for a year or an agricultural season which is to be apportioned between the members as remuneration for the labour of the members according to the work put in by each. It may be necessary to make provisional payments to members for subsistence from time to time. These payments will be set against their respective shares in the net produce of the society. Secondly, in evaluating the daily performance of each member the quality and quantity of work put in by him should be taken into account. It would be necessary to lay down objective standards for evaluating work. The adoption of piece work basis, wherever possible, should be helpful in this direction. In this connection, the experience of China should be of considerable value. The

Chinese have evolved hundreds of 'norms' for relating payment to various types of work. They were thus able to ensure individual incentives of a very high order. In India, we shall have to develop norms' suitable to local conditions. In fact each society will have to work out its own 'norms'. We have earlier suggested the appointment of a specialist in each State to assist in the development of 'norms' for various regions and areas of the State. He should be helpful in pooling the experience that may be gained in various co-operatives.

Planning production programmes

11.36. As soon as a co-operative society is registered the first essential step would be to make an assessment of the potentialities for improvements that can be carried out on the lands pooled with the society and the labour and capital resources available to it. Each society should, therefore, prepare a detailed five year plan, also indicating the stages to be reached every year. The plan should be based on estimates of manpower and capital resources available to the society, so that these resources could be effectively deployed, the capital resources which could be found from outside, as subsidy or loan, the increased production that may be expected and its value at current prices and the stages in which repayment would be made of the borrowed resources. The plan should be scrutinised by the agriculture and the co-operative officers and, if the society is located in a community project or a national extension block, by the block development officer also who should be responsible for obtaining the society the necessary resources required for the approved plan, secure necessary supplies of goods and services and ensure that these are properly used. Each year the progress of the plan will be reviewed and where necessary, adjustments made in the plan. It may also become necessary at times to modify the plan even during the course of a year. Scarcity of rain or excess of it may necessitate a change in the pattern of crop, appearance of insects and pests may involve diversion of manpower and other resources for meeting the attack. It cannot be too much emphasized that in working out these plans or their subsequent revision or adjustment, all the members of the society should be associated as closely as possible at all stages. The plan thus prepared and executed will give to the workers a sense of direction and specific tasks for achievement.

11.37. We have indicated in Chapters V and VIII how the policy of State purchase and guaranteed prices has helped the agrarian co-operatives in China and unit co-operatives in Japan. We consider that similar measures are necessary in our country. In case, however,

these cannot be immediately adopted on a large scale for all crops, we recommend that Government should agree to purchase the produce of co-operative farming societies at a minimum price which should be indicated in advance. In the absence of this assurance and because of operations of market forces, the income of members of co-operative farming societies may go down in spite of the fact that the plan was carefully framed and executed and every one of the members had worked very hard.

11.38. It may frequently happen that the cultivators who form themselves into co-operative farming societies, may not be holding contiguous lands. The waste lands and other cultivated lands which may be available with the Government and which could be utilised for promoting co-operative farming societies may not be located in a compact area. The surplus land that may be obtained through the execution of land reform measures suggested by us earlier, will also be scattered in small bits. It will considerably facilitate management and development of lands pooled with a co-operative, if these lands can be consolidated in one place. We would, therefore, suggest that wherever operations relating to consolidation of holdings are undertaken, lands of the cultivators who have formed or agree to form themselves into co-operative farming societies, and the lands that may be available with the Government in the village, should be consolidated at one place. We would also suggest that the lands of all small cultivators should be consolidated at one place and should be located contiguously to the lands of the co-operative farm, if any. It will facilitate the organisation of an intensive co-operative activity among the small farmers who may stay out of the co-operative farm at the commencement and also enable them to join it at a later date. The surplus lands, as soon as they are determined, should also be consolidated contiguously to the lands of the small farmers and of the co-operative farming societies. The adoption of these suggestions would not only facilitate the management and development of land but also promote the growth of co-operative farming.

Education and training

11.39. The techniques of work distribution, assessment of performance and planning of programmes have to be evolved with care. They will be improved upon as experience is gained. At the same time it will be necessary to arrange for the training of the various functionaries in the development of these techniques and other procedures of co-operative management. We have earlier suggested the training of about 2 lakh villagers in the next 4 years. There would

also be need for training an adequate number of accountants and managers for co-operative farms. We visualise that these accountants and managers will be obtained increasingly from among the members of co-operative farming societies. The youngmen who will be trained as village organisers may frequently be able to work as accountants and managers with such additional training as may be necessary. Other office bearers of co-operatives will also need short courses of training. A phased programme for training should be worked out quickly. The Government will have to defray the cost of travel, board and lodging and a small payment on account of out-of-pocket expenses. Training centres should be located as far as possible in areas where co-operative farming societies exist so that it may be possible to impart training in practical working.

11.40. The work of selecting such youngmen and arranging their training has to be fully integrated with the National Extension Service. The trained youngmen will benefit a great deal from the advice, guidance and support of the village level worker who in turn will be able to secure considerable help from them. An average village level worker has to deal with about 500 to 700 families. If there is a co-operative for a group of about 25 families the village level worker will have to deal only with 20 to 30 societies through the representatives elected by the people and charged with the responsibility of increasing production. With the help of co-operative farming societies it will be easier for the village level worker to have a programme for every family including the landless. The co-operatives will also participate in local development programmes and will be in a position to organise manpower. With the joint efforts of the national extension workers and members of co-operative farming societies, the progress and tempo of work can be considerably accelerated. In view of these considerations we suggest that the young leaders should be selected from areas where national extension programme has been in existence for more than 2 years. Co-operative farming societies for demonstration should also be started in such blocks.

11.41. The village level workers and other members of the national extension service and community projects will be able to take enlightened interest in the programme of co-operative farming, if they get conversant with its basic principles, its economic and social significance and the techniques of co-operative management. We suggest, therefore, that a refresher course should be organised for their training in matters relating to co-operative farming. We would

also suggest that training in co-operative farming should also form part of the training of the village level workers and other development officers.

11.42. The training of various functionaries will naturally be the responsibility of the State Government. Each training centre will normally require about three instructors. Trained instructors for co-operative farming will not be readily available. Their training should, therefore, need the first attention. A detailed programme of their training could be worked out in consultation with the Central Committee for Co-operative Training. We suggest that the Government of India should set up, to begin with, half a dozen regional training institutes for the training of these instructors. These institutes could also be made use of for holding special courses of training for block level officers and other senior officers of States for co-operative farming. The training institutes should be located at places where co-operatives are functioning successfully.

11.43. As regards the cost of training, we would say that the Government of India should bear the entire cost of running the six regional training institutes. For training centres organised by the State, we suggest that 25 per cent. of the cost may be borne by the State Government and the remaining 75 per cent. by the Central Government. The cost of training centres will include pay and allowances of instructors, office establishment, allowances to be paid to the trainees including the expenditure on their boarding and lodging.

11.44. As neither the leadership nor the cultivators have yet shown enough interest in the programme of co-operative farming, we suggest that the subject matter be freely discussed by all important public institutions, the Parliament, State Legislatures, Universities, Local Bodies, Panchayats, Co-operative Institutions and the farmers' organisations so that attention may be focussed on the basic issues. Such discussions would help in developing a good deal of thinking on the subject and will promote the growth of a favourable climate for the successful implementation of the programme. Co-operation of various non-official organisations working in the social and political fields, may also be enlisted in promoting the programme. For mobilizing public opinion full use may be made of the radio, the press and the audio visual aids. A series of radio talks, skits and dramas could be arranged in the general as well as rural broadcasts of the All India Radio. Publicity Directorates may put out stories of successful co-operative and bring out attractive and simple

folders. In selected areas seminars may be organised at which intensive discussions may be held on the advantages of the programme of co-operative farming and the problem presented by it.

State Assistance

11.45. Absence of timely and adequate financial assistance to co-operative farming societies has been attributed to be a major factor for slow progress of some of these societies. We are also aware of cases where too much aid received by a few societies led to unfavourable results. Both the extremes have to be avoided. We are not in favour of large subsidies, special concessions or indiscriminate loans to co-operative farming societies. At the same time it is necessary for the State to ensure that these societies get the assistance which is available to individual farmers or other types of agricultural and industrial co-operative societies engaged in credit, marketing, lift irrigation, small scale industries, etc., because co-operative farming societies combine all these functions. The present position, however, varies considerably from State to State. While there are some States where a fair amount of assistance is available there are others in which considerable difficulties are encountered. In one State the societies are not eligible even for taccavi loans. The co-operative central and apex banks also hesitate to provide them financial accommodation. In some States, co-operative farming societies are subject to agricultural income-tax. This puts the small cultivators, who would not be liable for such taxation individually, at a great disadvantage. These and similar handicaps should be removed. We also recommend that the principle of State partnership should be applied to co-operative farming societies and they should be eligible for all facilities given to large sized credit societies, marketing societies, etc. by the National Co-operative Development and Warehousing Board. This should, however, not lead to inflexible rigidity in the pattern of assistance, and the Board should be free to evolve suitable principles with regard to assistance for co-operative farming societies in the light of the actual experience gained in their working. We have already suggested that the expenditure on training centres to be run by the State Governments should be shared between the Central Government and the State Governments in the ratio of 3 : 1. The expenditure on the special staff in the States and such other expenditure as may be incurred by the State Governments in promoting co-operative farming may be shared equally by the Central and the State Governments.

11.46. In concluding this report, we would again like to emphasise that a transformation from family farming to co-operative farming is no easy task. In a country with a parliamentary form of Government, it will be a much more gradual process than in Communist countries. In emphasising the limitations imposed by family farming in developing agricultural production, it was not our intention to *be-little* the role which the Service Co-operatives can play in assisting the family farms in agricultural production. We are quite clear in our minds that at least during the next few years, by and large, family farming will continue to be the general pattern of cultivation. Service co-operatives for the provision of finance, supplies, marketing and processing will, therefore, have to play a very important role in the agrarian economy. While it will be necessary to intensify efforts for co-operative farming, at the same time it is equally important that there is no relaxation of efforts in the building up of the service co-operatives of all kinds. In fact, as we can see, the service co-operatives in one form or another will be as necessary for the provision of aids and services to co-operative farms, as they are to-day for assisting family farms. By working in these service co-operatives, as in any other village institutions, the cultivators will gain knowledge of techniques of co-operative management and democratic working. The experience thus gained should be a great help to them when the cultivators organise themselves into co-operative farms.

APPENDIX

Statement showing estimates of surplus land and its utilisation

Head	Madras	Andhra	Punjab	Bombay	Madhya Pradesh
Surplus area					
1. Size of holding which may be regarded as *adequate* for a family (Acres). . .	7·5	7·5	15·0	15·0	15·0
2. Holdings above this limit (Lakhs)	9·7	5·7	2·5	7·9	5·3
Surplus area above this limit (Lakh acres). . .	75	71	33	131	103
Requirements					
1. Size of holding which may be regarded as *minimum* for a family (Acres) . . .	2·5	2·5	5·0	5·0	50·0
2. Holdings below this limit (Lakhs)	24	22	3	23	10
3. Actual area held by them (Lakh acres) . . .	27	25	7	47	26·
4. Additional area required to build up to minimum size (Lakh acres) . . .	33	31	10	69	27
5. Number of landless families (Lakhs)	14·5	9·3	2·2	5·2	9·4
6. Area required to settle them (Lakh acres) . . .	36	23	11	26	47
Total area required (4+6) (Lakh acres) . . .	69	54	21	95	74

PART V

SUMMARY AND RECOMMENDATIONS

CHAPTER XII

SUMMARY AND RECOMMENDATIONS

CHINA

12.1. In 1951, there were only a few agrarian co-operatives in China. By the time of our visit in July, 1956, the Chinese had already accompalished the task of organising 92 per cent. of their rural households in one million agrarian co-operatives, and a process of their consolidation and development was in progress. Over 30 per cent. households were members of primary co-operatives and 62 per cent. were members of co-operatives of the advanced type. The distinction between the two is that in the former individual ownership is retained, and there is a return for ownership as well as labour. In the latter, individual ownership is surrendered to the co-operative and there is only a return for labour.

12.2. During our two months stay in China, we visited in all 19 co-operatives in different parts of China. We are satisfied that our tour was not a conducted one and that we saw a fair cross section of the representative co-operatives in China, good, bad and average. The time at our disposal was too short for us to observe the detailed day to day work in the co-operatives, which alone could give a clear idea of the human relations subsisting between the members and the management. Even so, from what we saw of them, we feel that the Chinese co-operatives have evolved a firm basis for co-operative work and have brought about a sense of oneness and unity among their members.

12.3. In the co-operatives visited by us, the area pooled by members ranged between 60 to 6000 acres. The average area per member household ranged from 1·2 to 2·5 acres. Out of 19 societies, 18 had registered an increase in their overall production as well as yield per unit. The main causes of this increase are:

(i) increase of irrigation facilities,

(ii) measures for land improvement and reclamation,

(iii) better seeds,

(iv) intensive use of manures and fertilizers, and

(v) improved cultural practices.

Irrigation works had been developed and pumps worked by steam engines had been set up. The increase in irrigated area during 1955-56 exceeded the aggregate increase in the previous four years. Schemes of land reclamation and land improvement had been executed, which necessitated joint labour and, in some cases, adversely affected other cultivated lands and the rights of their owners. Co-operatives were able to set up special teams for the collection of manure, which helped to increase the manure supply. Improved ploughs and harvesting machines which required more animal power and larger area to operate upon had been brought into use. The whole labour force had been put to work in the execution of these improvements and intensification of agriculture. Much of it would not have been possible without pooling of land and labour under joint management. We, therefore, consider that while a part of the increased production could be attributed to settled conditions, fixed prices, and liberal loans granted by the Government, a substantial part could not have been available in the absence of co-operatives. In this connection, it may be mentioned that prior to Liberation, China was an importer of food-grains to the extent of 2,000,000 tons. It also imported large quantities of cotton. Today it is exporting foodgrains and is self-sufficient in cotton. We did not notice any signs of malnutrition or starvation and people appear to be well off. We consider that not only have the co-operatives succeeded in increasing production but that their members are working enthusiastically without any inhibitions.

12.4. The success of the co-operatives in China is due to the efforts of the people supported by the entire machinery of the Government and the Party. Individual and group incentives have been preserved by evolving a system of work evaluation known as 'norms', which enables a fairly accurate assessment of the quality and quantity of every type of agricultural work put in by a member. Every co-operative has its own norms, which are fixed on the basis of experience of the average output of an average worker. Every worker is allotted a number of points for the work he does every day. Ten points make a 'workday'. At the end of the season, the produce is valued, production expenses are deducted and the net value is distributed among the members in proportion to the workdays contributed by each. In addition to work on the farms, every member of a co-operative has a kitchen graden, where he can grow what he likes. This is usually attached to his house, or close to the village site.

12.5. Each co-operative has an elected chairman, some vice-chairmen, an accountant and a managing committee. Invariably either the chairman or one of the vice-chairmen is a woman. We were greatly impressed with the leadership of the co-operatives, which appears to achieve results by persuation and conviction rather than by the use of authority. We also noticed that the leadership was mostly of young men and women in their twenties and thirties. Members also elect a supervision committee which is distinct from the managing committee. Members participation and democratic working are secured by organising members into production teams which serve as the basic units for labour organisation. Where a team is large, it is sub-divided into groups. The leader of the production team or group is selected by the managing committee with the consent of the members of the team or group, and he is responsible for organising production. It is the responsibility of the team leader to see that every member of the team is assigned a proper job. To prevent bureaucratic tendencies, each office-bearer of the co-operatives is generally required to put in a minimum number of work days in agricultural operations; for the time he spends in supervision and management he is given additional wage units. His earnings are not generally higher than those of best workers. The model regulations further require that the cost of management should not exceed 1 per cent. of the total annual value of production in the case of primary co-operatives and ½ per cent. in the case of advanced co-operatives.

12.6. Every co-operative has an annual plan and a long range plan of 3 to 5 years. This is worked out in terms of physical lay-outs, employment of the labour force, requirements of finance as well as supplies. The plan indicates to the members and to the society the period for which employment will be available. The object of every co-operative is to increase the income of 90 per cent. of its members year after year. The co-operatives receive liberal loans from the Government for the fulfilment of their programme. During 1956 alone a sum of Rs. 640 crores was planned of which Rs. 560 crores had been advanced by the time we visited China. The Government declares the prices of agricultural produce in advance of sowings. This enables co-operatives to plan their production on a stable basis. Production requisites and consumer goods are also made available to the co-operatives at fixed prices, and the State endeavours to maintain a parity between prices of agricultural produce on the one hand and production requisites and consumer goods on the other.

12.7. The achievements in China have been largely influenced by the character of the land reforms which abolished the vestiges of their Kulak economy; land was given to all those who wanted to work on it and the maximum holding was reduced to double the average area available per household. However, the land reforms only provided a climate. The co-operatives would not have been formed but for a deliberate policy of the Chinese Government and the Communist Party to promote and strengthen this form of organisation. In the first instance, co-operatives were formed by the active members of the Peasants' Associations and the Communist Party through whom the land distribution was carried out in the villages. After an initial period of successful demonstration a campaign for co-operativisation was launched and large bodies of peasants joined motivated as much by considerations of increased production and a higher standard of life as by a patriotic urge for rapid industrialization and development of socialism. The movement succeeded because at about the same time a socialist transformation was taking place in all the important sectors of the national economy.

12.8. We feel that the large masses of cultivators have joined the co-operatives voluntarily. The model regulations of co-operatives lay down that they must on no account resort to coercion in dealing with the peasants who are outside the co-operatives. In fact, admission to co-operatives was considered a privilege to be regulated. Initially the landlords and the rich peasants were excluded from the co-operatives and only the poor peasants and the middle peasants were entitled to join. Later, as the co-operatives became stabilized the landlords and the rich peasants were admitted as candidate members. We saw no signs of suppression or helplessness among the cultivators. On the other hand we noticed considerable enthusiasm among the members of the co-operatives, which had been harnessed for rapid agricultural development. The co-operatives would not have succeeded in increasing production if the members were not working enthusiastically without inhibitions. We noticed that a revolution was afoot in the country-side, the dominant motive of which was not fear but ferment in the people's minds, which no administration by itself could have brought about.

JAPAN

12.9. In Japan there is a very well developed movement for service co-operatives. More than 95 per cent. of the total farm

households are members of co-operative societies which supply 39 per cent. of the total agricultural finance and hold 65 per cent. of the total savings of farm households. 96 per cent. of the surplus rice and 85 per cent. of the surplus wheat and barley are marketed through co-operatives. There are, however, no agrarian co-operatives. The climate in Japan is not conducive to the development of agrarian co-operatives. Unlike the Chinese, the Japanese economy is based on the system of free enterprise and individual initiative. One of the impelling factors for the development of agrarian co-operatives, *e.g.*, the desire to proceed towards socialism in the agrarian sector is absent.

12.10. In spite of the fact that Japan is the most highly industrialized country in the East, the availability of land per agricultural household is about the same in Japan as in China, rather it is slightly less. Even in its hey-day of economic expansion, Japan did not succeed in diverting people from agriculture to industry. It took Japan nearly 50 years to stabilize the pressure on land. Since 1920 it has been able to absorb in non-agricultural sectors only the additions to the population and no more. Most of the holdings continue to be small.

12.11. The small farmer in Japan is in a bad shape. He gets only part-time employment in agriculture and spends more than half of his time on work outside the farm. There is a tendency among this class of farmers to leave the farming work to women and go out in search of other occupation in commerce and industry which is invariably outside the village. Therefore, in spite of the assistance provided by service co-operatives, the small cultivator is gradually losing his position as a farmer. The number of applications for selling land is reported to be increasing every year. Things would have been much worse, but for the spurt in the national economy during the Korean War. The agrarian co-operatives may have helped better. However, as Japanese agriculture is well developed there would be relatively less scope for additional work on land for the labour force organised into co-operatives.

12.12. The internal price of rice in Japan is very high, being Rs. 33 per maund. The Government, therefore, prefer to import cheap rice from abroad, rather than increase its production at home at a higher cost. They feel that the same investment will yield better results if utilised in trade and industry than in agriculture. The problem in India is essentially different. There is a large scope for raising production by intensive methods. There is a large area

to be developed. There is sufficient scope for reclamation. Unlike Japan, there is need for increasing agricultural production not only for improving living standards but also for export to pay for machinery for industrial expansion.

INDIA

12.13. In spite of the emphasis on co-operative farming in the first and the second five year plans very little has been done in most States for a planned development of co-operative farming, the reason being that there is a lack of fuller understanding and realization on the part of both the leadership and the administration of the importance of co-operative farming for the development of agrarian economy and the rural well being. Grave doubts have been expressed in influential quarters about the utility and practicability of such a programme. We, therefore, propose to examine in the following paragraphs why we consider that co-operative farming is necessary from economic as well as social considerations.

12.14. That there is an excessive pressure on land is admitted on all hands. It is becoming increasingly apparent that there are remote chances of this pressure relaxing in the near future. In fact the estimates of employment opportunities offered by the projects included in the Second Five-Year Plan indicate that in terms of absolute numbers, there will be further additions to the number of workers dependent on agriculture by a few million at the end of the second plan period. Even if the employment opportunities in the non-agricultural sectors expand more rapidly than can be anticipated at this stage, it seems that a further increase in the number of people depending on agriculture for employment and subsistence cannot be avoided. It may take quite some time before the trend could be halted. This is also borne out by the experience of Japan to which we have referred earlier.

12.15. The situation arising out of the over-crowding on land is further aggravated by the disparities in the size and distribution of land holdings. The data collected in the course of the Agricultural Labour Enquiry indicate that less than 5 per cent. people cultivate more than one-third of the total area. On the other hand about two-thirds people cultivate less than 15 per cent. of the total area. About 19 per cent. whose main profession is agriculture, do not hold any land and another 48 per cent. who hold less than 5 acres each, depend on employment as agricultural labourers. It has been estimated that about 40 per cent. of the agricultural population (*i.e.*,

about 30 per cent. of the rural population) consists of agricultural workers depending wholly or mainly on hiring out their labour, and that they get work only for a part of the year.

12.16. While a large under-employed population subsists on land, there exists, side by side, a large work potential. At present less than one-fifth of the total cultivated area receives irrigation from State or private works. There is plenty of scope for the extension of irrigation by the provision of more wells, tanks, embankments etc. Tanks constructed in the past have to be repaired. For conservation of moisture, bunds have to be constructed. Large areas have gone out of cultivation due to soil erosion. These are to be reclaimed. In many places, erosion of soil has to be checked. There are areas which suffer from water-logging and need drainage. Most of these improvements, being of labour intensive nature, require investment mainly in the form of human labour. Production could also be stepped up considerably by the intensive application of labour. How is it that all these improvements have not been carried out or agriculture intensified? More than two-thirds of the total area is comprised in holdings exceeding 10 acres, which, in the Indian conditions, should provide fairly good units of cultivation. There may have been difficulties in finding finance and other equipment. We do not, however, think that this has been the only hurdle. The difficulties arise mainly out of the limitations inherent in family farming which is characterised by considerations of money cost (outlay) and benefit (return) to the individual farmer rather than social costs and social benefits. A cultivator takes up only such improvements as are sufficiently remunerative for him except where the work can be carried out by self-labour or the labour of family members. Now it so happens that in agriculture, within a given price and wage structure, many improvements are not sufficiently remunerative.

12.17. Considerations of outlay and return apply equally to the intensification of cultivation. It has been observed that small farmers with abundance of self labour or family labour are frequently able to obtain comparatively higher yield per unit in spite of the various disadvantages which beset them. However, where a farmer has to depend on hired labour, he will employ labour to the extent he can get in return a little more than his investment on wages. In agriculture a limit is soon reached beyond which a cultivator does not get back even his investment on wages. As stated above, the bulk of the area is held by farmers cultivating more than 10 acres, who have generally to depend on hired labour in varying degrees. Thus

in family farms due to considerations of outlay and return cultivators could not go far in undertaking improvements and intensified cultivation through hired labour even if all the supplies and finance required for the purpose were provided.

12.18. Besides, there are financial limitations. Most of our funds have been committed for programmes of industrialisation and development of communications, which place a heavy strain on the available resources. For a rapid development of agriculture resources have, therefore, to be increasingly found from the savings in the agricultural sector itself. Most holdings in India show little surplus. It is only in the comparatively larger holdings that some savings are effected. An important factor responsible for the low return is that draught animals and implements which together account for the bulk of the investment, remain idle over a considerable period.

12.19. Service co-operatives are helpful in providing supplies and funds where land is abundant and holdings are cultivated for considerations of net money return rather than gross productivity. In India, both land and capital are scarce and labour is plentiful. The emphasis in India has, therefore, to be not only on net return, but more so on increased productivity over the total area through intensified cultivation by making the fullest use of the available manpower. This calls for the pooling of land, manpower and capital resources by co-operative action so that it may be possible to fully utilise the available resources and also to obtain economies of large scale production. In a co-operative farm considerations of outlay and return apply over a much larger area. The pooled area constitutes a single farm and the pooled labour a single family for purposes of management and it becomes possible to intensify agriculture over the entire area of the farm and undertake improvements of labour intensive nature without considerations of cost.

12.20. Co-operative farming will enable the fuller utilisation of the capital resources, reduction of cost, and mobilising savings and capital formation. It will also offer opportunities for utilising a part of the surplus labour force for improving village communications and housing and for the provision of other social amenities. Planning at the village level will become possible. Besides, it will provide opportunities of working together for the various groups of people now held apart by social and communal divisions and thus bring about increasingly an emotional integration of the people into a living entity.

12.21. In countries like Japan, the economic development took place during a period of colonial expansion and a comparatively monopolistic access to raw materials and markets. At that time, social conscience had also not advanced so that internal exploitation could go on unhindered. Thus, through internal and external exploitation large stocks of capital were created which formed the basis of their industrial and economic prosperity. In India we have to depend mainly upon our internal resources. 'Welfare State' concept is today well advanced. Any large scale capital formation based on exploitation in any sector has, therefore, to be ruled out. Our internal resources are limited. Incomes are low. Most of the people live just on the margin of subsistence. Their standard of living has to be raised and at the same time savings effected for investment and development. The agrarian co-operatives indicate the way for mobilising the national resources in which manpower plays the most dominant part. They offer a new hope for the millions of landless families. To us, it seems that they are today an historical necessity.

12.22. Will the adoption of co-operative farming affect our democratic institutions? In our view it is the climate prevailing in a country that ultimately governs the character of its institutions, wheher it is centralised or decentralised, democratic or totalitarian. It is independent of the manner of the cultivation of land, whether in family farms or co-operative farms. In fact, co-operative farming, as any village organisation, should promote rather than retard the growth of democratic institutions at the base and at all levels.

12.23. We realise, however, that a transformation from family farming to co-operative farming is no easy task. In accepting co-operative farming, a farmer has to change over to a new way of life. He has to subject himself to a group discipline and to that extent he does suffer from a certain loss of individual freedom. In fact every group activity involves subordination of the individual liberty to group discipline and every planned development involves a measure of compulsion. On the other hand, improved economic conditions resulting from co-operative farming will enlarge the freedom for the whole group and also for the individuals who are now denied opportunities. The real issue, therefore, is, shall we sacrifice some of our individual freedom in the interest of our economic development and the well-being of the nation? On balance of considerations, we feel that the advantages of co-operative

farming are greater and far out-weigh the losses that may be involved.

12.24. We feel very much strengthened in our views after a perusal of an article written by the Father of the Nation, Mahatma Gandhi, in the "Harijan" of February 15, 1942, out of which we produce extracts below:—

> "I firmly believe too that we shall not derive the full benefits of agriculture until we take to co-operative farming. Does it not stand to reason that it is far better for a hundred families in a village to cultivate their lands collectively and divide the income therefrom than to divide the land anyhow into a hundred portions? And what applies to land, applies equally to cattle. It is quite another matter that it may be difficult to convert people to adopt this way of life straightaway. The straight and narrow road is always hard to traverse......... But only by surmounting difficulties can we hope to make the path easier."

12.25. We are confident that a change from family farming to co-operative farming can be brought about in a peaceful and democratic manner. China has succeeded in bringing about this transformation in a few years time. We are aware that the political system obtaining in China has a certain advantage in influencing a particular pattern of behaviour from the people. It can ensure that a single point of view reaches the people. India has parliamentary institutions and a multiplicity of parties. Our task will, therefore, be comparatively much more difficult.

12.26. The steps which should be taken to develop co-operative farming are described in the following paragraphs. State participation and support are, in any case, necessary for the development of the co-operative movement in general. Their importance in a programme of agrarian co-operatives is greater still. They will be forthcoming in the necessary measure if there is a conviction on the part of the national leadership about the need and urgency of this programme as well as about its practicability.

12.27. The movement for co-operative farming can grow in a particular atmosphere. We have no doubt that in accepting this new way of life, the peasants have to make a sacrifice, which they would be willing to make as part of a national sacrifice in which all sections of the population join. Such an atmosphere is, therefore, one in which social values and outlook will progressively change

to more egalitarian non-exploitative social and economic order, in which human capacities, physical and mental, will have a higher return than inherited or accumulated wealth. There should be a realization in all sections of society that, in the larger national interest, individual income and purchasing power have to be restricted so that the more backward sections of the community may receive greater attention. Briefly, it should be the atmosphere of patriotism, socialism, democracy and planned economy. In the agrarian sector it will be influenced by the nature of land reforms. Our proposals for land reform follow mainly our analysis of the agrarian situation. We recommend that cultivation through hired labour should be discouraged. A farmer should be entitled to retain for personal cultivation only so much land as he can cultivate by his family labour. The surplus land should be available for cultivation by co-operative groups of landless agricultural workers and the farmers who agree to pool their own lands with the surplus. Rent should be payable for the surplus land taken over from the substantial farmers. In order to secure their participation in co-operatives, the resident owners, may be paid rent at a somewhat higher rate than the one prescribed for leased lands.

12.28. These fundamental changes in the land sector cannot be carried out unless a sound village leadership is developed. Political parties will have to be better organised for work in the villages. At the same time administration has to be made much more effective than it is today. Action in the direction mentioned above is necessary quite apart from a programme for agrarian co-operatives. In the context of agrarian co-operatives they assume added importance.

12.29. In developing co-operative farming two principles have to be kept in view. Firstly, the principle of voluntariness should be scrupulously adhered to. Secondly, a member should be free to leave a co-operative at the end of the season should he so desire. If the cultivators have to be persuaded to join agrarian co-operatives voluntarily, it will be necessary to convince them through successful demonstration that such a programme is practicable and justifies all the claims made for it. In any democratic system, it is the people's reaction to the programme that will govern not only its actual progress but also affect the intensity of conviction of the National Leadership; hence the great importance of a demonstration programme on which the whole success of a National programme would depend.

12.30. For the next four years, we suggest that a programme of organising about 10,000 co-operative farming societies should be drawn up. The objective should be to have at least one co-operative farming society for a group of 50 villages by 1960-61. In this connection the performance of existing societies will be a determining factor and every effort should be made to make them models of ideal working. The responsibility for planning and promoting programmes of co-operative farming at the national level should be entrusted to the National Co-operative Development and Warehousing Board, and a Standing Committee of the Board should deal with the subject. The appointment of a Special Officer in the Ministry of Agriculture for Co-operative Farming and assisted by subject matter specialists is also recommended. In the States a committee under the Minister for Co-operation should be constituted for the same purpose. The State Committee should be assisted by a Sub-Committee of which the Development Commissioner may be the Chairman. A special Officer and subject matter specialists as at the Centre, should be appointed in the States. At the District level a Sub-committee of the District Development Board should be established for promoting co-operative farming.

12.31. In order to explain the programme of co-operative farming to the people and provide leadership for future co-operatives, a programme of training two lakh youngmen (village organizers) in the course of the next four years has been recommended. The cost of the training programme should be borne by the Centre and the States in the proportion of 3 to 1. The village organizers will not be paid salaries. They are expected to disseminate knowledge of co-operative farming on the basis of the training received by them. They will work in close liaison with the Village Level Workers. The Central Government may set up half-a-dozen regional training institutes to train instructors and other personnel.

12.32. The main recommendations discussed in the report, are set out below:—

Programme

A well laid demonstration programme of co-operative farming societies should be worked out with the object of having at least one society in every group of 50 villages in the next four years. This would mean roughly about 10,000 societies.

2. An effort should be made to organise as many societies as may be possible in Community Project areas and the National Extension Blocks which have been in existence for 2 years.

3. The principle of voluntariness should be scrupulously adhered to. A person should be free to leave a co-operative society whenever he chooses to do so, but this should be permissible at the end of a season.

4. Wherever a sizable area of Government land is available in which rights have not accrued to individual peasants, it should be settled with co-operatives consisting of landless agricultural workers for co-operative farming. Small owners and tenants should also be admitted to these co-operatives wherever they agree to pool their lands.

5. A quick survey of the existing societies may be undertaken so that only the genuine societies are retained and are properly helped to serve as useful demonstration centres. The suggestions made by us regarding State assistance, internal organisation and management, etc., should be tried out in the first instance in these societies so that experience may be gained immediately and suitable techniques and methods evolved.

Organisation and Management

6. Co-operative farming implies pooling of land. Wherever lands are pooled by individual cultivators, joint farming be encouraged. On Government lands or surplus lands it will be desirable to organise collective farming societies.

7. Only such persons as agree to participate in the day-to-day work of the society should be admitted as members of co-operative farming societies.

8. For curbing a tendency towards bureaucratisation, the office-bearers, managers and other employees of the society should be required to participate in the farm work for a minimum number of days.

9. Depending on the pattern of crops, co-operative farming societies in rice tract should have an area of about 35 to 50 acres of land whereas in cotton and wheat zones the area may be 60 to 100 acres. The minimum number of members should be 7 to 10.

10. In the early stages of the programme, there may be more than one society in a village. Wherever two or more societies are formed in a village they should be encouraged to have a joint committee for securing services and supplies at the cheapest rates.

11. Some of the Chinese Co-operatives seen by us were cultivating more than 5,000 acres and had a membership of 1,000. Management of such large units tends to become complicated and active participation of members gets reduced. The optimum size of a co-operative farm in India will have to be evolved carefully on the basis of the experience gained in demonstration programme.

12. Each co-operative farming society should prepare a detailed five year plan, also indicating the targets to be reached each year. The plan should be based on estimates of manpower and capital resources available to the society, the capital which could be obtained from outside, the estimates of increased production and the stages of repayment.

13. Where draught cattle are retained by individual members the society should determine the number of cattle required for the working of the lands of the society. A mutually agreed hire should be paid for the use of the cattle. If draught cattle are pooled they should be valued on a fair basis and the amounts should be credited to the share capital or taken as deposit refundable in suitable instalments. Similarly the implements pooled by each member should be valued on a fair basis and the valuation should form part of the share money to be credited to the members.

14. Ownership dividend should be fixed on the basis of productivity of land as it stood at the time of pooling of land. This is necessary to ensure that the entire increased production is shared by the members in proportion to the work put in by them.

15. Development of suitable techniques of work distribution and work supervision which are of the greatest importance to co-operative working should receive the highest priority. The Chinese methods of group and team working could be adopted wherever possible. Alternatively, it may be possible to centralise the principal operations, subsidiary operations being carried out in small groups or on family basis.

16. In evaluating the daily performance of each member, the quality and quantity of work put in by him should be taken into account and objective standards for assessment of work should be laid down. At the end of a season, the net produce (*i.e.*, the gross produce minus expenditure and the ownership dividend) should be distributed among the members as payment for labour in proportion to the work put in by each.

17. The Government might arrange exchange of practical farmers between India and China. A dozen workers of co-operative farming societies might be sent to China for a period of six months to study all aspects of internal organisation and management of co-operatives. Similarly Chinese farmers might be invited to visit India and assist some of the co-operative farms in this country.

18. (a) Wherever operations relating to consolidation of holdings are undertaken, lands of the cultivators who have formed or agree to form themselves into co-operative farming societies, and the lands that may be available with the Government, should be consolidated at one place.

(b) Lands held by all small cultivators should be consolidated at one place and should be located contiguously to the lands of the co-operative farm if any. It will facilitate the co-operative activity among the small farmers and will enable those who may stay out of the co-operative farm at the commencement, to join it at a later date.

(c) The surplus lands, as soon as they are determined, should be consolidated and located contiguously to the lands of the small farmers.

State Assistance

19. The State should ensure that co-operative farming societies get the assistance which is available to individual farmers or other types of agricultural and industrial co-operative societies.

20. The principle of State partnership should be applied to co-operative farming societies and all facilities given to large-sized credit societies, marketing societies etc. by the National Co-operative Development and Warehousing Board should be extended to them.

21. In some States, co-operative farming societies are subject to agricultural income-tax. This puts the member-cultivators who would not be liable to such taxation individually, at a great disadvantage. These and similar handicaps should be removed.

22. The policy of State purchase and guaranteed prices has helped the agrarian co-operatives in China and unit co-operatives in Japan. Similar measures are necessary in our country. In case, however, this cannot be immediately adopted on a large scale for all co-operatives, the Government should agree to purchase the produce of co-operative farming societies at a minimum price which should be indicated in advance.

Training, Education and Publicity

23. For spreading the knowledge and information about co-operative farming among the villagers, about two lakh youngmen should be selected and trained in the techniques of co-operative organisation and management and planning production programmes in the next four years.

24. For ensuring follow up action and exchange of experience, a refresher course should be organised at the end of each year.

25. As the bulk of the membership of co-operatives is likely to come from the small farmers and landless agricultural workers, it would be desirable to take as many trainees from among them as possible. While selecting candidates for training, preference should be given to members of genuine co-operative farming societies which are already in existence.

26. Village level workers and other members of the National Extension Service should be given training in matters relating to co-operative farming.

27. The training centres should be located in areas where co-operative farming societies exist so that it may be possible to impart training in practical working.

28. As trained instructors for co-operative farming may not be readily available their training should receive first attention. Government of India should, therefore, set up half a dozen regional training centres for training instructors.

29. The programme of training various categories of workers should be drawn up in consultation with the Central Committee for Co-operative Training.

30. The Government of India should bear the entire cost of running the six regional training institutes. For training centres organised by the State, 25 per cent. of the cost may be borne by the State Government and the remaining 75 per cent. by the Central Government.

31. The subject matter of co-operative farming should be freely discussed by all important public institutions, the Parliament, State legislatures, universities, local bodies, panchayats, co-operative institutions and of the farmers' organisations so that attention may be focussed on the basic issues. Co-operation of various non-official organisations working in the social and political fields, may also be

enlisted in promoting the programme. For mobilizing public opinion full use may be made of the radio, the press and the audiovisual aids, seminars etc.

Administrative Machinery

32. At the national level, the responsibility of planning and promoting programmes of co-operative farming should be entrusted to the National Co-operative Development and Warehousing Board. There should be a standing Committee of the Board to deal with matters relating to co-operative farming.

33. Government of India may increase its contribution to the Board, if necessary, so that the programme can be implemented on the scale suggested.

34. To assist the Board and for advising the State Government in the formulation of programmes for co-operative farming, the Ministry of Agriculture should have a special officer for co-operative farming who should be helped by subject matter specialists.

35. For planning and executing programme of co-operative farming each State should have a committee under the chairmanship of the Minister incharge of Co-operation.

36. The State Committee should have a sub-committee of which Development Commissioner may be the Chairman.

37. Each State may consider appointment of a special officer for co-operative farming and subject matter specialists. He will also need the assistance of special auditors for co-operative farms and a few assistants who could go round and guide the work in the field. The cost of this staff may be shared equally between the Centre and the States.

38. The work at district level should be co-ordinated by a committee which may be presided over by the District Officer. This committee may be a sub-committee of the District Development Board and should include, among its members, representatives of Co-operative farming societies, other co-operative societies and panchayats.

Land Reforms

39. The pattern of land reforms should be based on the principles that cultivation through hired labour should be discouraged and land should be made available to those who want to work on it. Every family should, therefore, be entitled to retain only so much land which it can cultivate through its family labour. The excess land should form part of a pool, which should be cultivated co-operatively

by groups of landless workers and small farmers who agree to bring into the pool their own lands.

40. Rent should be payable for the surplus lands. The resident cultivators may be paid rent at a rate higher than the one prescribed for leased lands.

41. The rent should be determined either in cash or as a fixed quantity of produce on the basis of the existing productivity of land so that the benefits of increased production obtained as a result of investment of the co-operative should be available wholly to the co-operative. The State should accept responsibility for the payment of rent and interpose itself between the owners and the Co-operatives. The State may utilise the village agency for discharging this obligation.

Other Matters

42. The Japanese farmer does not sell paddy. By using a small husking machine he converts paddy into brown rice (unpolished); this reduces the cost of packing, transportation and warehousing by approximately 50 per cent. This practice could be usefully adopted by the large sized societies organised in our country. Before their introduction, the machines should be tried and tested by the Agricultural Engineering Sections of the Central and State Governments.

43. Instead of jute, cotton or paper bags, the Japanese use extensively rice straw bags as packing material. These are made by the farmers with the help of a simple machine without much expense during their leisure season. The Agricultural Engineering Sections of the State Governments and Central Government may order a few machines of this type and investigate the possibilities of introducing them in India. If necessary, the services of a Japanese expert may also be obtained.

44. The primary co-operatives in Japan operate warehouses with a total storage capacity of 4·2 million tons. They mainly utilise local material for construction. The large warehousing programme will be successful in India if structures suitable to local conditions are devised and costs are kept low. Experienced Japanese engineers might be of help in this task.

45. A third of the primary co-operatives in Japan were not able to make the two ends meet mainly due to the fact that their membership and volume of turnover were small. This has a lesson for India, *viz.* small co-operative units are likely to become uneconomic.

CHAPTER XIII

Minute of Dissent

by

SHRI B. J. PATEL AND SHRI F. N. RANA

We have felt compelled to submit this minute of dissent because our differences with our colleagues in regard to the assessment of collectivisation in China, evaluation of the Co-operative Movement in Japan and the recommendations made by them regarding the policy which should be adopted in India, are fundamental. We feel that in interpreting what is happening in China and in ignoring the achievements of the Japanese Co-operative Movement our colleagues have presented an unbalanced picture and we would be failing in our duty if we did not place before the country our views and interpretations. We grant that developments in foreign countries should be viewed with sympathy, but we cannot ignore the background of their respective political systems and means adopted in achieving their objectives. Nor can we afford to ignore and much less disregard unpleasant features in our anxiety to justify preconceived conclusions or pet notions. Agriculture is the basis of living for a vast majority of our people and, therefore, any agrarian policy which may be adopted is of greatest consequence. We would regard it as dangerous that our policy should be unduly influenced by an uncritical study of developments in one country, particularly when those developments are recent and they pertain to a country whose agrarian policies emanate from a political philosophy which can only be carried out by totalitarian political apparatus. If we isolate the Communist ideology and the agrarian policy followed by the Chinese Government, we would give an erroneous impression that a similar policy can be followed by our country without adopting similar means. We feel that the execution of policy based on Communist ideology is so dependent on the means adopted that the two are really inseparable.

13.2. The opinions formed by us about land reforms and collectivisation in China are based mainly on literature supplied by the Secretary of our Delegation, the Chinese Embassy in India and on information made available by the Chinese Government and the officials of the Chinese Co-operatives visited by us and also from our own observations. The picture which we saw is very different from the one painted by our colleagues.

13.3. We maintain that the evaluation of the agrarian policy of the Chinese Communist Government from the land reforms to the establishment of collectives can be fully understood only in the light of the basic tenets of Marxist-Leninist thought. Our colleagues regard it as a merit of the Chinese method that "While each step is a link in a particular chain of events the step by itself is so complete and so full attention is bestowed for achieving it that it ceases to appear as a link but becomes a complete step by itself" (Chapter III, Paragraph 24). We found, however, that in practice this method is nothing but an ingeniously devised plan to subjugate the peasantry step by step, a plan which Lenin's inimitable genius outlined years ago. According to Lenin, the peasants were to be subjected to the "dictatorship of proletariat" and this was to be done not all at once but group by group and step by step. In his own words "at first we support the peasantry in general against the landlords, support it to the end by all means including confiscation and then (or rather not "then" but at the same time) support the proletariat against the peasantry in general". (*Selected Works, Volume I, page* 442). At this stage, the slogans are, "Land to the Tiller", "Abolition of Landlordism". After the landlords are abolished, the peasantry in general is to be divided into "rich peasants", "middle peasants", "poor peasants" and the "landless labourers". The policy is to isolate each section; and power is consolidated by winning over "those who are toiling peasants in order to crush the resistance of those peasants who are rich" (*Selected Works: Volume II, page* 668). The slogan at this stage is, "de-kulakisation". In the third stage, the peasants are to be organised "to work according to a common plan on common land......and under common management" (*Selected Works: Volume II, page* 668). In other words, ownership in land is to be abolished and collectives are to be established under the aegis of the State. The slogan now is, "Collectivisation". It will be seen that the policy is based on class "struggle" and the end is to be achieved by isolating each class and dealing with it singly before passing on to the next class.

13.4. The extracts above from Communist classics have been quoted to show that the Chinese Communist Party has faithfully followed in all material respects this policy and minor variations such as interposition of the "mutual aid" and "elementary co-operative" stages between the abolition of the landlords and establishment of collectives is not of any importance. In the words of Minister Mr. Liao, the present Minister for Agriculture "Isolate enemies, not

fight them at one time, then weaken them and then eliminate them". In his talk, Vice Premier Mr. Tang-Tsu-Hui told us that the Movement was based on "class struggle, first the landlords *versus* all peasants, and then the rich peasants *versus* the poor peasants". The history of formation of the so-called co-operatives in China fully bears out what has been stated above. The peasants are first enthused with the slogan "land to the peasant" so that the landlords are crushed; they are then organised into elementary co-operatives with great emphasis on the sanctity of ownership of land and adequate remuneration for their right of ownership. They are finally deprived of their right of ownership and reduced into wage earners in the name of socialism. We cannot, therefore, share the enthusiasm of our colleagues for regarding these tactics as progressive. The policy is designed from the beginning to lead the peasantry into complete proletarianism. This conclusion is also borne out from the Chinese sources. None else than Mao Tse Tung himself had stated in unequivocal terms that "The political leadership of the proletariat and the State enterprises and co-operatives *directed* by the proletariat, as stipulated in this programme, are factors of socialism......It is definite and beyond any doubt that our future or maximum programme is to head China for socialism and communism." (*Selected Works of Mao Tse Tung, Vol. IV, page* 274). It was also made clear as early as 1951 in official Chinese announcements that Land Reform was merely the first step towards full collectivisation of agriculture on the Soviet pattern. Mr. Wu-Chueh-Nugn, one of the Deputy Ministers had declared that "the development of Chinese agriculture could be divided into three phases; the first was that of agrarian reforms; the second that of organisation of mutual assistance teams and agricultural co-operatives and the third that of socialisation of agriculture on a nation-wide scale, following the pattern of the collective farms of the Soviet Union" (*People's China; November* 1, 1951).

LAND REFORM

13.5. We have shown that the policy of collectivisation adopted in China was no accident and the first stage in that policy was Land Reform to which we now turn. In 1950 the object of Land Reform was declared to be "to introduce the system of peasant land proprietorship" and the peasant was to be given the right "to manage, buy, sell or rent out land freely". (Agrarian Reform Law, Article 1 and Article 30). Even as late as March 1953, it was said that "the individual economic system of the peasants will necessarily continue to exist and expand for a long time to come. It is even

necessary to permit the continued development of the economic system of the rich peasant. Moreover, the Common Programme states that the peasant's ownership of land will be safeguarded wherever the agrarian reform is carried out". (Decisions of the Central Committee with regard to Agrarian Co-operation, *Jen Min Jih Pao, Peking, March 26th,* 1953). In 1954 the policy was suddenly reversed and Article 8 of the new Constitution announced that "the policy of the State in regard to the economic system of the rich peasants is to restrict and gradually to eliminate it". The reason for this change in policy could be better understood from the following quotation from "Agricultural Co-operation in China" a copy of which was supplied to the members of the Delegation. "Land was distributed to the peasants after the feudal landlord class was overthrown. But they still remained dispersed on their *tiny* plots of land. As long as this situation remained it could serve as an economic foundation for capitalist rule. The new class of exploiters—the rich peasants—following in the footsteps of the feudal landlords who oppressed the peasants in the past—could swallow them up again one by one, and this would end in another concentration of land in the hands of exploiters." The manner in which the Land Reform was carried out is of great significance if we want to understand the later developments in Communist China. This background of land reform accompanied as it was by elimination of landlords and thereafter rich peasants—we were told no "Hsiang" was without its quota—and the physical elimination or punishment of a large number of persons thereafter by dubbing them as reactionaries or counter-revolutionaries or saboteurs or Kuomintang agents cannot but have had a very strong psychological effect on the minds of the peasantry as a whole. The manner in which the land reform was affected leaves no doubt in our mind as to the fear complex it is capable of producing. In a pamphlet entitled *How the Tillers Win Back Their Soil* published by the Foreign Language Press, Peking, in 1951 the proceedings of a land reform meeting in a Chinese village are described as under:—

"With raised fists, the audience below shouted in one voice 'Down with reactionary landlords. We demand that Peng Erh-hu be shot'.

The masses again shouted in unison 'Down with criminal landlords who hide and disperse their properties'. 'Long live the unity of the peasants.'

"By four o'clock ever 20 peasants had poured out their grievances from the platform. Mass sentiment had surged to the boiling point.

Over and above there was a curious hush of expectancy—(The People's Tribunal meets to deliberate).

"Peasant comrades!" The judge's voice was grave, 'We have just heard some of the accusations made by local peasants. From these accusations, it ought to be clear to everyone how the landlord class has always worked hand in glove with the enemy of the peasants'

'Our verdict on the three criminal landlords is as follows:—

Peng Yin-Ling: age 49, native of Hsinlu village has caused deaths of patriotic youths during the Resistance War. After liberation, he organised superstitious societies and spread rumours to delude the public. Also he has hidden firearms with the intent to plan for an uprising. The sentence for him is death. Do you all agree?'

The sound of applause that came from below the platform was deafening.

With one arm sheltering his tear-strained face, Peng Yin-ling was hurried along......

The prisoners were escorted to the Grave Yard, south to the temple. From the back of the graveyard came the sound of several shots. The sound shrilly pierced through the thick atmosphere enveloping Huilung hsiang. Sights of relief were heaved as justice was meted out to the convicted.

'Down with reactionary landlords'
'Long live the emancipation of the peasants.'
'Long live Communist Party.'
'Long live Chairman Mao Tse-tung,'

The masses, for the first time freed from their dread and restraints, let out these slogans with a voice stronger than ever".

13.6. It is not our intention to describe in detail, in this brief note, the manner, which can by no stretch of imagination be called civil, adopted for wiping out landlordism. A study of the local dailies published in China itself such as the *Yangtze Daily* and the *Southern Daily* of the year 1950 could satisfy the curiosity of anyone who wishes to know the details. For the purposes of this note what Poyi Po a member of the Central Committee has stated in the course of an article published in the *Cominform Journal* dated the 20th September 1952 is sufficient. "In the past three years we have liquidated more than two million bandits. Bandits are non-existent in China now and the social order has become stable". Since the

bandits and landlords were often referred together it may safely be assumed that a good many of the two million bandits, who had been liquidated during the years of land reform, were landlords.

13.7. Our colleagues have thought it fit not "to go into the details and the niceties of land reforms". (Chapter 3, para 20). But we think that some of the details given above were necessary to give a correct picture of the effect on the people in general that was created by the manner of carrying out the land reform. Unlike our colleagues, we cannot console ourselves with the knowledge that the verdict of crowds about landlords was reviewed by special courts constituted for the purpose. These people's courts in Communist China, we found, "are a component part of the people's Governments of the same category and accept the direction and supervision of the Councils of the people's Governments of the same category". (Article 10 of the Provisional Organic Regulations Governing the People's Courts adopted on September 3, 1951.) The Chinese Minister of Justice has declared that "during the agrarian reform and the repression of the reactionaries, we dealt a severe blow to our enemies—*the people's courts are a weapon of the democratic dictatorship of the people*". (*Jen Min Jih Pao dated, September* 25, 1954).

13.8. It may be true that there were some large landlords in China but a vast majority of those who were called landlords in China would by no stretch of imagination be regarded as such in any other country. The phenomena of employment of hired labour as well as the extent of renting in agriculture were relatively unimportant in rural China. All authorities on Chinese Agriculture have come to this conclusion and "the typical figure in Chinese country life was not the hired labourer but the land holding peasant". (Tawney, *Land and Labour in China page* 34). In his talk to us the Vice Premier, Tang Tau-hui had also said that "China did not employ many labourers". In our view, therefore, there was no justification so far as bare economic facts are concerned, for the violent mass offensive against millions of petty land holders called landlords and rich peasants. This can only be explained in terms of their ultimate objectives *viz.*, collectivisation of agriculture by completely eliminating private proprietary rights in land and reducing the peasant to the status of a mere wage earner

Method of Organisation

13.9. When discussing the question of Land Reforms. we have indicated that the ruthless manner in which the policy was carried

out was bound to have effect on the peasantry as a whole. In this regard also we differ from the conclusion of our colleagues who say that "Throughout the policy of voluntariness was, however, upheld. Even at the end of 1955, more than 8 p.c. peasant families had stayed out. The peasants were gradually carried along the road mapped out by the Government and the leadership without a feeling of compulsion. At each stage of the journey the progress was assessed and the position consolidated before going over to the next stage" (Chapter VII, paragraph 5). Our colleagues have also come to the conclusion that the violence which accompanied the land reforms could not have significantly affected the peasants and they were unable to observe any stress or strain in the working of the co-operatives. On the basis of our own findings, we completely reject this evaluation of the growth of the co-operatives and their present situation. Before elaborating our view, we would like to point out some contradictions in our colleagues' evaluation of the movement. They have maintained that in China opposition to Governmental policies is "rather difficult" and yet they have regarded the growth of co-operatives as voluntary. Voluntariness can have no meaning if it excludes the right to oppose the policy of Government. It must be remembered that mass trials and accusation meetings did not cease with the completion of land reforms. They have continued; in fact, even on the day we left Canton, we were told that a mass trial by a People's Court was going on. The label now used for persecution is no doubt different. During the time of the land reform the label—'landlord' was enough to condemn a man, and very often, a rough and ready method was used to determine who was a landlord. According to the "Yengtze Daily", March 12, 1951. "Is he a landlord?" a cadre asked, "Yes" responded the crowd. That was the end. We have no doubt that a similar rough and ready method was used to determine the label now in common use for "elimination" of a man, *viz.*, that he is a "reactionary" or "counter-revolutionary" or a "Kuomintang Agent". Our colleagues have referred to the fact that 8 p.c. of the peasants were still outside the co-operatives; but they have overlooked the fact that by the time we left China, the figure of 96 p.c. of the peasants having been included in the co-operatives was mentioned and it was also mentioned that the target of 100 p.c. of the peasants being collectivised would be achieved by the end of the year 1956 or Spring of 1957. The theoretical freedom of the peasants to keep out of co-operatives is, therefore, meaningless since it is impossible for them to function independently. When the State has a complete

monopoly of the purchase of agricultural produce, when it imposes prohibitory taxes and delivery quotas on individual farmers and denies them essential supplies and credit which are again in the hands of the State, the so-called freedom of the peasants to continue individual farming can only be illusory and temporary.

13.10. Our colleagues do not see the evident contradiction between the professed principle of voluntariness and the simultaneous setting of high targets of the number of co-operatives to be established from year to year. How a "voluntary" movement can progress according to the targets fixed by the State is something beyond our comprehension. We may here refer to a remarkable passage in Gomulka's famous report of October 20, 1956, in which he says "that a quantitative development of producers' co-operation cannot be planned, because on the basis of voluntary entry to a co-operative, this would amount to planning the growth in human consciousness, and that cannot be planned". In the same report, Gomulka says that the principle of voluntariness "means not only threats or psychological compulsion but economic compulsion as well are excluded. Tax assessments and the establishment of the size of quota deliveries could also be an instrument of compulsion.

13.11. Our colleagues are of the view that the large-scale violence which accompanied land reform would have struck terror in the minds of the landlord but could not have generated fear in the minds of the poor peasants. We cannot understand how terror, which is publicised could have impressed upon the minds and hearts of the different classes of people in a different way. As we have said earlier, the Chinese have not claimed that the land reform and the collectivisation movements were free from violence.

13.12. We have already made it clear that the Chinese Government had the goal of socialisation of agriculture in their mind. It was necessary, therefore, for the Chinese to point out the merits of each stage, but condemn that very stage when the next stage is to be reached. The method followed is to start an agitation by writing letters in newspapers, etc. to condemn a method or a stage which was no longer considered necessary.

13.13. Great prominence is given to such letters in the Communist press and articles are written by partymen. The Government then moves and makes a show of bowing to the will of the people. We cannot, however, understand when our companions applaud both merits of every stage as well as its subsequent condemnation. Thus they applaud distribution of land so that every peasant family in the

village got land and nobody held more than twice the average holding of the village. They also applaud the fact that "the situation after the land reform was such that the mutual aid team emerged as an obvious solution for the problem". They cite the advantages of mutual aid team, *viz.*, more production, deeper tillage, specialisation of labour and subsidiary occupation. At the same time, they applaud the fact that they were converted into primary co-operatives, because of the conflict of interest between plot owners and team members. Again, they recount the advantages of elementary co-operation, *viz.*, better crop planning, growing crop suitable to a particular soil, better facilities for permanent improvement, better division and utilisation of labour and increase of cultivated area due to abolition of boundary lines, and at the same time uphold the view that with the ownerships of individual plots, the benefits of unified management could not be obtained. Thus, the transition from one stage to another is uncritically interpreted exactly as it was officially interpreted and nothing final emerges as satisfactory except complete collectivisation. We had questioned at great length Mr. Chen Yung Kang, Chairman of the Lien Min Co-operative who was also an M.P. regarding the need for transformation from an elementary or primary co-operative to the higher or collectivised co-operative. We were at pains to point out to him that all the advantages that could be secured in a co-operative of the higher grade were available in a co-operative of the lower grade. But we could not get a satisfactory answer to the argument put forward by us. He did say, however, that when ownership is retained, people still cling to the idea of being owner of a particular piece of land and cited an example where some members had opposed ploughing by a tractor and had driven wooden pegs to show boundary lines of their plots. We then asked him that if this was so, the members clearly could not have voluntarily agreed to go into the co-operative of the higher grade from the co-operative of lower grade. To this, he had no answer. A member of the Communist Party who was present did give a reply as follows:—"After co-operatives are organised labour becomes glorious and farmers were willing to give up their ownership of land". Whatever is meant by this reply the attitude of the Chinese Government towards co-operatives could be best understood by the following passage from the *Selected Works of Mao Tse-Tung*: "For thousands of years a system of individual production has prevailed among the peasant masses, under which a family or a household makes a productive unit. This scattered, individual form of production was the economic

foundation of feudal rule and has plunged the peasants into perpetual poverty. The only way to change this stage of affairs is gradual collectivisation, and the only way to bring about collectivisation is, according to Lenin, through co-operatives".

13.14. We are surprised and not a little amused to find that our colleagues have seen far more "voluntariness" in the formation of co-operatives than the Chinese themselves. As early as 1952, Kao-Kang who was the Chairman of the Peoples' Government of the North-east stated in one of his reports "in districts where conditions are not yet ripe for the establishment of co-operatives and where organisers have perhaps resorted to constraint and coercion in organising them, these co-operatives must be reconverted into mutual assistance teams". (Report by Kao Kang, April 7, 1952, Hsin Hue Agency, Mukden, April 16, 1952). Throughout 1951 and early part of 1952 the Chinese Communist Press carried such reports, but in October, 1952 the Minister of Agriculture convened the National Conference of Rural Workers. At this Conference it was decided to launch another drive for organisation of co-operatives. As a result, by Spring 1953, the number of co-operatives was more than doubled to about 9,000. Once again the party cadres were attacked for their rashness at the end of the Campaign and allegations of deviation from the principles of voluntariness were made. To quote:

"Between the Autumn of 1952 and Spring of 1953, there occurred a deviation regarded as a blind, hasty and rash advance in the organisation of agricultural co-operatives. In Northern China, for instance, this deviation was extremely serious........." (Hsin Hua *Agency, Peking, June* 3, 1953).

13.15. There were many reports of similar nature which could be verified from the Chinese Press and it was clear that peasants' resistance was growing apace. As evidence of the peasants attitude the following passage from the 'Directive of Production of Spring Crops' issued by the Central Committee of the Communist party in March 1953 may be cited:

"If the peasants are to be expected to work energetically to promote agricultural production, serious steps must be taken to correct the reckless tendency to precipitancy and undue haste in the movement of agrarian co-operation. In some areas immediately after the agrarian reform, the peasants expressed the fear that their holdings would be merged under public ownership. This is the peasants' definition of co-operatives; a big stable, no stock, many

debts, a large output and small dividends". ("Decision of the Central Committee with regard to Agrarian Co-operation" adopted on February 15, 1953 and published by the *Jen-Min-Jih Pao, Peking on March* 26, 1953).

The *Southern Daily* in Canton wrote: "The peasants fear that having increased production their burdens will be increased correspondingly. They fear collectivisation and communalisation of land and property. They are afraid to be regarded as rich and are proud to be poor. Thus middle peasants dare not expand their enterprise; rich peasants and landlords, afraid of struggles against them, dare not produce at all". (*Nanfang Jih Pao, Canton, June* 29, 1953).

13.16. The result of this resistance and consequent fall in production was affecting the building up of heavy industry and this was seen from the steps taken by Government in tightening its control on grain collection. It was made clear that "education, propaganda and economic measures are not enough to ensure complete success in applying the policy of planned purchase and distribution of foodstuffs and elimination of speculation and sabotage. These activities must be correlated with the legal weapon of the People's Courts, with the various Ministries and with the Public Security Organisation, in order to punish severely the very bad elements guilty of the most serious crimes". Article 9 of the measures concerning control of the civil market says that offences will be punishable according to the Regulations of February 21, 1951 on the suppression of counter-revolutionaries. Article 10 of these Regulations provide for the death penalty in case of resistance to grain collection.

13.17. Those quotations are sufficient to establish that there was resistance from the peasants to the formation of the co-operatives. A comprehensive idea of the intensity of the resistance could, however, be had from a study of the articles and accounts that appeared from time to time in the local dailies of Peking, Tien Tsen, etc.

13.18. The intensity of people's resistance seems to have rattled the Communist Party and it was decided in the People's Congress, which ended on July 30, 1955 that the target of co-operativisation for the year ending 1957 should be reduced from 50 per cent. to 33 per cent. But the very next day Mao Tse Tung at a special meeting of the Party Secretaries, reversed the whole policy and asked for the co-operativisation of 80 per cent. of the peasant families by 1960.

This target was subsequently raised by the Central Committee to complete collectivisation by 1958.

13.19. Our colleagues have described as the "Surging tide" the phase of increased momentum in collectivisation. They have maintained that there has been complete voluntariness even when it is declared by Communist sources that "the co-operative organisation of Agriculture involves a more acute and more complex class struggle than does land reform", (*Jen Min Jih Pao, October* 30, 1955). The full significance of this statement can be appreciated if we recall what class struggle meant during the period of Land Reform. One paper wrote in January, 1956, "Since the exploiting class will not allow itself to be eliminated without resistance, the sabotage activities of counter revolutionaries will increase every day and centre round the co-operativisation movement as it gathers greater momentum. The increasing number of cases of counter-revolutionaries sabotaging the movement in Hsien is ample proof of this point—for instance, there occurred in last autumn more cases of sabotage in Liaoning province than in the corresponding period of the previous year. The situation must be similar in other provinces. Moreover, the methods of sabotage employed by the enemy are increasingly cruel. For instance, twenty-seven head of cattle belonging to the 24th agricultural co-operative of the Hsin hsiang sub-prefecture in the province of Honan died of poison. Similar cases have recently occurred in other provinces". (*Cheng Chih Hsueh Ksi, January* 13, 1956).

"The counter-revolutionary Cheng Fu pa was sentenced to death. The Provincial Tribunal at Fukien passed the death sentence on December 25, 1955 on Cheng Fu pa, the counter-revolutionary, who had sabotaged the movement of agricultural co-operativisation and plotted to kill village and district organisers. Immediately the sentence was pronounced, the criminal was taken to the execution ground. The public trial took place in the presence of five thousand persons who were unanimous in their approval of the verdict". (Foochow, *Fukien Jih Pao, January* 12, 1956).

13.20. We have tried to show from the extracts taken from authoritative sources that the movement was far from voluntary and that collectivisation has been achieved through great stress and violence. Indeed Minister Liao himself admitted in one of his talks to us that "it is not the case that there is not a single instance of coercion; some comrades used coercion". He also.............said, "The rich peasant is anxious to keep his land and, therefore, enters the cooperative; he

had witnessed the elimination of the landlord and he was, therefore, afraid of similar action". In his last talk to us he said "we hold that with regard to rich peasants, landlords and capitalists, only convincing is not enough. As a class, these people cannot be converted by persuasion only". When he was pressed on this point further, he frankly said to us "There is a difference in our friend's point of view and ours, and I think it is no use discussing the matter further".

Need we discuss the matter further?

Working of Co-operatives

13.21. In our view the organisation and working of so-called agrarian cooperatives in China is neither voluntary nor democratic. We were told that the executive committees specially the supervision committees and indeed every working team of cooperative had a few Communist activities in them. Indeed the election of the executive committee and other office-bearers is not democratic, because these must be elected from names given by the Communist Party. It was our experience that the Communist Party controls rigidly the whole movement and all activities are subject to the supervision of the Communist Party and the Government, which for all practical purposes are one and the same thing. Thus the crop planning is subject to the approval of the Government and the State lays down what the cooperative shall sow; where, when and how much and at what rates it shall sell, and it also lays down how payment shall be received.

13.22. As has been stated in the main report, the accounting in the cooperatives is most unsatisfactory. In fact the training given to what are called Accountants is most superficial and would not be considered adequate even for a small village society in India. We found that account books are not posted for days, in some cases not posted at all, and the importance attached to the Committee meetings can be seen by the fact that not even a minute book is maintained. We were told that the proceedings are usually posted in the hall, but when we asked to see these proceedings we found none existed. The lack of trained personnel can be judged by the fact that the Manager of one of the District Banks was an ex-Communist Military Officer whose banking knowledge was so profound that he did not even know what share capital was.

13.23. We have already referred earlier to our view that the main aim of the Chinese in forming the cooperatives was complete elimination of private ownership in land and collectivisation of agriculture. This is borne out by the policy of replacing small societies by large societies. The whole idea appears to be to ensure as has been said

by Mao Tse-tung, the closest and strictest State control over cooperatives, which are a transitional stage in the march towards collectivisation. That a large unit is not suitable for cultivation of land is further borne out by the fact that in all these large units land is again divided and parcelled out to small groups. Each of these groups works virtually independently of the other. This will lead ultimately to a position where the officers will be mere supervisors and take no part in the work of production. In fact in an article published on September 14, 1952, in *Jen Min Jih Pao* of Peking, this is clearly envisaged.

"Some of our cooperative leadership cadres also worry that they have to lead the production work and also take part in the field work, and that now they find themselves already busy enough leading the cooperatives but how they are going to manage it when large collective farms are set up and they are elected Chairmen. If they had visited Soviet Union, they would understand that when the collective farm is set up, the leadership work for the organisation of production will be stupendous, when the Chairman of the farm will have to devote himself to brain work and do no more field work...... The chief of a field team and the chief of breeding station who also do not directly engage in production, are paid according to the area of land under their supervision, the number of cattle and the quantity of production...... The chairman, chiefs and experts are all very important to the farm, as their work has a direct bearing upon the farm, state of production and, therefore, their remuneration should be higher than the average farm members."

13.24. Our colleagues have admired the system of norms, but we are convinced that this system of norms, followed rigidly as in China would reduce the peasants into automatons and take away from agricultural work spontaneity which is its unique characteristic. The system of norms as devised in China goes beyond the capitalist piece rate system, for a man not fulfilling the norms would not merely get proportionately less remuneration for less work but would actually be punished for doing less work. We cannot imagine how working under a system of this nature any freedom is left to a peasant.

13.25. It is true that in a number of cooperatives we saw family plots and as our colleagues say "these plots were very carefully and intensively cultivated and it was a treat to see many of them growing rich crop of vegetable". Incidentally the careful and intensive cultivation of these plots which impressed us all, easily refutes the criticism of family farming which our colleagues make elsewhere.

Role of Co-operation in Increasing Production

13.26. We will now turn to the crucial question how far the so-called cooperativisation has contributed to the increase of agricultural production in China during the last few years. To assume that the increase in production is wholly or even mainly due to cooperativisation is to our mind utterly unwarranted. We do not dispute that there has been an increase in production, but owing to the very unsatisfactory statistics of the Chinese, it is difficult to say what exactly this increase has been. There have been a number of factors which we think are responsible for the increase. For the first time after decades, China got a stable Government in 1949. China was torn by civil war and foreign invasion and utterly devastated by the "War Lords". The Chinese peasant knew not whether he would reap the crop he was sowing, or whether he would live to enjoy the fruits of his labour, if he did reap the crop. He was completely without technical advice, dependant on his own resources for seed and borrowed money at impossible rates of interest. In 1949, the agricultural production in China had reached a very low ebb, and, therefore, given peace and security the production was bound to increase. Coupled with this, the provision of technical advice and improved techniques, provision of greater irrigation facilities, better seeds, implements and better methods of crop protection have had a very beneficial effect on production. Favourable institutional arrangements to make the farmer interested in increasing production are absolutely necessary.

13.27. But we do not believe that collectivisation of production is the only institutional arrangement which is most conducive to increase in production. In fact, our experience in India has been that it tends to affect production adversely and probably for this reason the Chinese found it necessary to enforce the system of norms. On the other hand, in the system of family farming, increase in production benefits the peasant directly and what we think really required is institutional help to the peasant through Government and cooperative agencies in technical matters, finance, marketing etc.

13.28. It may be of interest to examine the increase of production in China as given by the Chinese authorities and compare it with that of India. The food-grains production in China in 1952, *i.e.*, the year in which the pre-war level of production was reached was stated to be 163 million tons. The figure for 1955 was given as 183 million tons. This works out to an absolute increase of 12·4 per cent. in production. During this period, however, there was an increase in net area cultivated which amounted to 4·6 per cent. If this factor is also borne

in mind then the net increase in production in 1955 over 1952 would amount to only 7·5 per cent. Compared with this, we find that in India the increase in food-grains production from the year 1950-51 to 1953-54 was 37·4 per cent. The increase in food-grain production in the old Bombay State over the period 1949—51 was 22 per cent. and the percentage increase in cotton and oil seeds was even more remarkable, being 130 per cent. in case of cotton and 97 per cent. in case of oil seeds. Now this production was achieved in the wake of abolition of zamindaries and without any programme of collectivisation of production. Our schemes for greater credit and marketing facilities to agriculturists through cooperatives had of course not been worked out then. Our experience in India as well as the experience of Japan would clearly show that substantial increase in production can be brought about without collectivisation of agriculture. We are therefore, not impressed by increase in production as revealed by the figure given to us by the Chinese, and there is no basis to say that any substantial part of the increase has been due to collectivisation. We definitely do not share the view of our collegues that "a small part of the increase in production in 1954, a fair part of it in 1955 and a large part of it in 1956 is due to the cooperative form of cultivation". (Chapter VI, paragraph 6). Even if it is assumed that a certain undefinable fraction of the increase in production was due to cooperative form of cultivation, which is doubtful we certainly have no means of knowing which of the lower forms of cooperatives were responsible for this increase in production in view of the fact that agricultural producers' cooperation in China was stated to be in its lower stage and was in a period of transition from its lower to higher form, *viz.*, collectives as late as in January 1956. Therefore, any increase could certainly not be ascribed to the higher cooperatives or collectivisation.

13.29. There are some aspects of Chinese farming, which must be clearly understood in order not to get a wrong impression of what we have said earlier. We have not the slightest doubt in our mind that, by and large, the Chinese farmer is far more efficient and hard working than the average Indian farmer. It is this capacity for hard work which has enabled the Chinese farmer to make the land yield what we in India would regard as highly satisfactory yield per unit of land. This aspect of Chinese farming is not new and has been commented upon by a number of writers in the past. We saw ourselves tremendous efforts being put in by the peasants on the land they cultivate. A reference to this has already been made in the main report and we do not wish to elaborate the point further. The stupendous labour

that the Chinese put in can be realised if we remember that tons of earth is used to revitalise old fields and even small hillocks disappear and fields come up when more of the soil is so heavy that the land is used merely to hold the crop and if any other method can be devised to keep crops standing, the Chinese would not even require any land. This, of course, is an over-statement, but it shows how manure and fertiliser-conscious the Chinese are. Another instance of the capacity for hard labour can be seen from the fact that as hardly any draft animals exist, most of the heavy work is done by men and we saw heavily laden carts being pulled by the peasants, yoked as animals, for miles on end. We do not, however, think that these qualities have been developed as a result of collectivisation and, therefore, we cannot credit the collective cooperatives with the increase in production which is due to this capacity of Chinese for hard labour, and this hard labour now pays a high dividend, because it is supported by credit, improved seeds, better implements, better marketing facilities and advantage of peace and security. We have also to remember that the Chinese have had a system of irrigation developed centuries ago and in Schzowan Province, we saw a system of irrigation which was built in the 3rd Century B.C. We also noticed when flying over even very hilly and broken terrain that there were tanks constructed at various levels so that even fields situated at higher levels could be irrigated at will. We also got the impression that in most of the parts that we visited, the soil conditions were such that moisture was retained and the look of the crops was, therefore, much better than would normally be seen in India. This, again, we are not prepared to ascribe to collectivisation because we saw exactly the same things in Japan with an even higher yield, but without any cooperation in production. Our conclusion, therefore, is that the Chinese are making very rapid strides in agricultural production and they have chosen to collectivise their agriculture, not because it was necessary for increasing agricultural production, but because it was necessary for the requirement of their political philosophy.

13.30. Before we conclude this section, we would like to say something about the standard of living of the peasantry in China. It is still very low, but we dare say it will improve rapidly. The peasants have been suffering from acute shortage of consumer goods. Shops in the rural areas and towns have small stocks. As regards the basic amenities in villages, we found them almost completely lacking. The arrangement for water supply was found most unhygienic and such as would not be tolerated even for a day in India. We found filthy fluid from pigstye, entering the source of water supply. Perhaps the Chinese do

not care for this because they do not drink cold water, but the thought of drinking the water even after boiling it was certainly not pleasant to us. Their latrines are most insanitary, and it was an ordeal to enter one of them. Roads are few, and those which exist are badly maintained. School buildings, now a familiar sight in an Indian village, were conspicuous by their absence, and dispensaries were few and far between. Neither education nor medical treatment was free and one had to pay even for entering a park. There was not that social consciousness and awakening which we find taking place in our National Extension Scheme and Community Development Project areas. These are matters which we do consider important and we feel that we have made far greater progress in these fields than have the Chinese.

Co-operatives in Japan

13.31. Our colleagues have paid scant attention to the experience of Japan which we think is of much more significance for us in India than the experiment in China. The average size of holding in Japan is even smaller than in China and certainly much smaller than in many parts of India. And yet, the Japanese have been able to achieve a remarkable increase in the yield per acre during the last two decades. Today, Japan has the highest average yield of rice per acre in Asia.

13.32. We found the life and activities of the farmer in Japan completely cooperativised except in the field of production. The cooperatives help the Japanese farmer in credit, purchase, marketing and processing. More than 95 per cent. of the peasant families are members of such cooperatives. These cooperatives provide 77 per cent. of the total agricultural finance, they supply 64 per cent. of the fertilizers and market 96 per cent. of the surplus rice and 85 per cent. of the surplus wheat and barley of the farmer. The total membership of the multipurpose societies is 7·2 millions and the average primary cooperative has a membership of 600 and average paid-up share capital per member of 3,400 Yen. The primary cooperatives, however, hold very large amounts in the shape of deposits and in the greater number of societies, the amount of deposits far exceeds the amount of loans. Our colleagues have stated somewhere in the report that family farming does not help capital formation, but the fact that in Japan the cooperatives have far greater deposits than loans given by them would show that given all facilities even family farming on small-scale can lead to capital formation. In Mamada Unit Cooperative, we found that the total loan given was 7·13 million Yen, whereas

the deposits at the end of the year were 29·88 million Yen (the amount of deposits throughout the year totalled 146·24 million Yen).

13.33. The credit structure built in Japan consists of the Central Cooperative Bank which is an Apex Bank for the whole of the country. This Bank provides medium and short-term loans to all kinds of agricultural cooperatives as well as fisheries cooperatives. The long-term loans, for which an Agricultural, Forestry and Fisheries Finance Corporation has been set up by the Government, are also routed through this Bank. Under this Apex institution, there are credit federations at the prefectural level and below that there are unit cooperatives which cater to the needs for a village or a group of villages. The operation of the credit structure is closely tied up with the system of marketing and purchase. At the village level, unit cooperative deals with credit, purchase as well as marketing. But at the next higher level, *i.e.*, prefectural level, the function of credit is separated from purchase and marketing. At the prefectural level, therefore, in addition to the credit federations, we have the purchase and marketing federations. These functions of purchase and marketing are further separated at the national level and there are two federations, one National Federation of Agricultural Cooperative Marketing Associations called Zenhunran and the National Purchasing Federation called Zenkoran. It is this structure of cooperatives which serves almost every need of the farmer in Japan.

13.34. The Japanese experience clearly shows that a combination of family farming and service cooperatives with liberal aid from the welfare state would be the correct policy to follow for increasing production per acre in over, populated countries. In Japan, Cooperation in production has not found favour and attempts made to organise such cooperatives have proved abortive. In fact, even when farmers had come together for reclaiming land, they preferred to divide the land and set up as individual farmers immediately after the purpose of reclamation was achieved. We are of the view that what has helped in Japan in increasing food production can certainly be of great help in India also. We cannot agree with our colleagues that service cooperatives do not provide a solution to the basic problems of the small farmer.

India

13.35. In considering what recommendations to make for a future policy in India, we have posed a question to ourselves "What is our

objective in India? Is it achievement of social justice through democratic means and immediate increase in food production, or is it collectivisation of agriculture and achievement of social justice only through abolition of family farming?" Our answer is that our goal is not collectivisation, but our goal is bringing about social justice without sacrificing our immediate need of increasing agricultural production. We do not share the view of our colleagues that cooperativisation of agricultural production is the panacea for all our agrarian problems. According to them, it would solve at one stroke the problem of small holdings, problem of unemployment, problem of poor technique, the problem of low productivity and income, the problem of diversification of agriculture, the problem of casteism and the problem of the landless. We do not think that any single measuring can serve as such a cure-all. Each one of the problems which beset our rural economy has to be tackled through specific measures appropriate to each. The solution to some of them lies in the redistribution of land, to some in the development of village industries, to some in the organisation of service cooperatives and an effective extension service and to some in the organisation of production cooperatives. One of the arguments advanced is that if agriculture is collectivised, there will be work for all. This argument is not borne out even by our Chinese experience, because there we found that in a vast majority of the cooperatives, there was great under-employment. The members were not employed even for 200 days in a year. Most of the cooperatives have also to rely on subsidiary occupations. "Subsidiary occupation" has loose meaning in China and in fact we found examples where working as labourers on a road being constructed by Government was also taken as subsidiary occupation. Payment received by the members on the road-work was very low, so the difference was made up by the cooperative—which meant at the expense of the other members. Even the Minister, Mr. Liao admitted displacement of labour by formation of cooperatives and said "extra labour available due to pooling of land is transferred to subsidiary occupations which are suitable for a particular area". We feel that in their eagerness to establish the case for agrarian cooperatives, our colleagues have ascribed every unpleasant feature of the Indian rural economy to the institution of family farming. Thus, according to them, it is because of the limitations inherent in family farming that although there have been considerable additions to surplus labour force over the past many decades, it has not been possible to avail of the surplus labour for the execution of schemes of improvement and intensification of agriculture. The suggestion is that only agrarian cooperatives can undertake land improvement schemes. We do not understand why surplus labour

of family farmers cannot be utilised for land improvement. In fact, experience of contour bunding in Bombay State has shown that when the advantage of a programme is made known, large number of villagers have come forward and asked for that programme to be undertaken in their village. The real difficulty is lack of funds.

13.36. Further, our experience in Community Development Project areas furnished considerable evidence that where finance, technical knowledge and organisation initiative have been forthcoming, villagers have heroically responded to every call for work of common benefit either on payment, part payment or on 'Shramadan'. In fact ever since the Community Development Programme was started there has been an awakening in the countryside. The villagers having realised the importance of their role in the economy of the nation have begun to exert themselves to improve their production. Indeed a new consciousness has been developed and the peasantry are taking kindly to new ideas, improved methods of cultivation, technical advice and so on. Needless to mention that recent tenancy etc. legislation which afforded them greater security so far as their means of production are concerned had also contributed to the enthusiasm of the peasantry in general. This enthusiasm can certainly be not increased by asking them to collectivise their production and work on wage per work unit basis. It has been pointed out by our colleagues that the institution of feudal chiefs which carried out improvements by labour when it was free without payment or on nominal wages has been abolished, but has not been replaced. We hope, they have not the intention of suggesting that agrarian co-operatives should also mobilise labour without payment or on nominal wages. But we fear that their suggestion would amount to just that because the wage per unit of work done is bound to go down. In paragraph 15 of Chapter X, our colleagues say "It has been observed that small holdings are generally associated with intensive agriculture and comparatively higher yields per acre in spite of the various disadvantages which beset them. The petty cultivators with abundance of surplus labour for which frequently there is no market are obliged to invest it in intensified agriculture without considerations of return". We should have thought that this would have led them to recommend a revitalisation of family farming as the most effective means of maximising the yield per acre. They recommend collective farming and maintain that family farming may be all right where pressure of population is low and holdings are large and that service co-operatives assisted by extension organisation can be effective and

useful where cultivators have large holdings. We cannot see the wisdom of their reasoning and we consider that in India precisely because the pressure of population is so high and the holdings are so small, family farming assisted by extension service and service co-operatives is necessary. Where holdings are small and labour is plentiful and man to land ratio very high, *i.e.* more mouths to feed per unit of land, the cultivation must be intensified; and nothing secures more intensive farming and greater yields per unit more easily than a system of family farming. It is surprising that the very facts which make intensive farming and, therefore, family farming, an absolute necessity for India, are regarded by our colleagues as arguments for collectivisation. It is also surprising that while on the one hand our friends speak of the economy of large-scale production, on the other hand they regard it as a great virtue of co-operative farming that "in co-operative farming, the consideration of cost and return lose all their significance". Thus, co-operative farming is good because it economises costs and it is also good because, thanks to it, costs lose their significance.

13.37. Our colleagues evidently do not seem to realise how self-contradictory it is to assert that there is high degree of individual initiative in production co-operatives and at the same time admire the fact that hundreds of norms are necessary to make people work hard. If efficiency in a production co-operative requires an enforcement of these norms and exploitation of the pecuniary incentive at a margin of subsistence where it is extremely effective, we wonder why elaborate and costly organisation should be set up to enforce them instead of allowing the same incentive to operate naturally in the system of family farming. Similarly, we may ask why, if division of members of a co-operative into small groups led by a team leader is a great virtue, the same virtue cannot be preserved more naturally in the system of family farming in which the head of the family is the natural leader and the group is tied by bonds of kinship and affection. We are also not happy when our colleagues fail to make the vital distinction between the State and the Co-operative Movement. This is revealed when they say that if we have general co-operativisation in India, the State will have to deal with less than a million co-operatives which will become organs of State in implementing its programme. Thus, it would seem to us that their recommendation is based more for the convenience of the State than for the good for the people. They have said that they would not have compulsion in the formation of co-operatives, but they suggest that the entire surplus land over and above what a

family can cultivate through its family labour must necessarily go into a pool and be cultivated jointly by landless workers. This would coerce all landless agriculturists into joint farming, the efficacy of which in relation to increase in production has yet to be established. When the landless are not left the choice of getting land except by joining and remaining in the co-operatives, we wonder what more practical and useful method for coercion could be devised.

Recommendations

13.38. We have said that our objective in agriculture should be social justice without sacrificing increase in agricultural production which is an immediate necessity for us. We are, therefore, firmly of the opinion that ceiling on holdings must be applied immediately. The ceiling must not be so high as to make it an ineffective means for redistribution of lands. But on the other hand, it should not be so low that a man who takes to agriculture would be perpetually condemned to poverty. We consider that since independence, tenancy legislation has worked in a beneficial way in the sense that it has helped to retain the enterprising and the educated youth on the land. This we regard as a very healthy sign and we think we should do nothing which will keep the educated and enterprising man away from the land. We are, therefore, not in favour of a very low ceiling, nor would we regard it as necessary that only family labour should be used for cultivation. A recommendation of the type made by our colleagues that a man should be left only so much land as can be cultivated by himself and the members of his family is, we think, impracticable. The effective labour force in a family would change from time to time, *e.g.* some may die and the young would grow up and become capable of work. Some families already well-placed may be able to mechanise agriculture and thus claim far larger share in land than would be due to it. For this reason we support the view already accepted by Government that there should be ceiling on holding, but we recommend that it should be neither too high nor too low.

13.39. We consider that economies of scale can be made available to individual farmers through service co-operatives, e.g. economy of cheap credit, bulk purchase and sale and in suitable cases carrying out of essential agricultural operations. We, therefore, recommend that the existing co-operatives should be strengthened and far greater co-ordination should be brought about at all levels, among extension staff, the management of the co-operatives and the staff

of the Co-operative Departments than exists to-day in order that the technical advice and guidance afforded by the extension agency results in scientific application of credit and farm supplies provided by the co-operatives. The agrarian reforms and tenancy legislation carried out in India during the first Plan period have eliminated the elements of exploitation from the rural economy; the peasant is assured now of full fruits of his labour. The stage is thus fully set for a planned action to raise agricultural production and also thereby the living conditions of the agriculturists. The factors for bringing about an increase in agricultural production hereafter are *technological* rather than another shuffling of the rural socio-economic structure which is likely to bring about discontent and emotional disintegration among a large section of the people and may even jeopardise political stability in the country. Therefore, we would suggest that the extension staff should be used much more than has been the case in the past for popularising the use of improved seeds, fertilisers, insecticides and scientific methods of cultivation. We do not think that additional staff on any extensive scale is necessary for implementing the simple suggestions made by us if the extension staff is strengthened and fully used and complete co-ordination is brought about between them and the staff of the Agricultural and Co-operative Departments. We recommend that the multipurpose society at the village level should undertake work of credit as well as supply and pooling of agricultural produce. These primary societies should be the pivot around which the whole structure of co-operatives should be built and it is to these societies that the farmer should turn for all his needs. These multipurpose societies should be supported by marketing and supply societies and by banks at district level. We should also organise, where found necessary, better farming societies which can undertake some essential heavy agricultural operations, such as ploughing, development of minor irrigation works, supply of work cattle etc., but we would prefer this work to be done by the multipurpose societies wherever possible. We think that if all this work is undertaken by multipurpose societies, we can have larger number of village societies and less of group societies. This in itself would pave the way for the joint ownership of minor irrigation works etc., and facilitate co-operative village management in all spheres except production which we do not think either necessary or desirable. We do not, however, rule out co-operation even in production if this is brought about in complete freedom through understanding and free-will of the people themselves. There are areas in India where

joint co-operative farming may well be encouraged. We have the very backward tracts in mind and this for two reasons—(1) the people are used to communal life and would not consider it very revolutionary if they were encouraged to work jointly on a farm, and (2) where knowledge of agriculture and agricultural practices is so poor that organising them in joint farming co-operatives would be the simplest method of imparting agricultural knowledge to them. In other areas also, we would not rule out Co-operation in production, if the people want it. We, however, consider that the development of co-operative farming should not be the subject of Governmental programme, and, therefore, cannot approve of the recommendation made in this behalf in the last chapter of the Report. As we have already made it clear, in places where farmers undertake farming operations in common under exceptionally favourable physical and psychological conditions and where good leadership is available, we would whole-heartedly welcome such development. But we consider it would be dangerous for Government to launch a programme of general co-operativisation as launching of such a programme would ultimately mean use of coercion in one way or another.

CHAPTER XIV

OBSERVATIONS BY SHRI R. K. PATIL, LEADER OF THE DELEGATION, ON THE MINUTE OF DISSENT BY SHRI B. J. PATEL AND SHRI F. N. RANA.

The minute of dissent states that in interpreting what is happening in China and in ignoring the achievements of the Japanese co-operative movement we, the majority, have presented an unbalanced picture. The agrarian policy followed in China and the means adopted to achieve it are inseparable and in isolating the communist ideology from the agrarian policy, we would give an erroneous impression that a similar policy can be followed by our country without adopting similar means. The picture of the agrarian co-operatives seen by them is very different from the one painted by us.

14.2. The Chinese policy of land reform and co-operativisation was designed to lead the peasantry into complete proletarisation. The mass violence associated with land reform was against millions of petty landholders called landlords and rich peasants, and had no justification so far as bare economic facts are concerned. According to communist sources themselves the co-operative organisation of agriculture involves a more acute and a more complex class struggle than did land reform, and therefore if the 'class struggle' in the land reform stage involved violent elimination of landlords and rich peasants the co-operativisation stage may have involved much more. Far from being voluntary collectivisation in China has been achieved through great stress and violence.

14.3. The organisation and working also of the Chinese co-operatives is neither voluntary nor democratic. The election of the executive committee and the office bearers is not democratic because these must be elected from names given by the communist party. Their accounting and their procedures are unsatisfactory, and the way they are working will lead ultimately to a position where the officers will be mere supervisors and take no part in the work of production. The system of norms reduces the peasants into automatons and takes away from agricultural work the spontaniety which is its chief characteristic. The minute considers it as utterly unwarranted to assume that increase in agricultural production can be ascribed wholly or evcn mainly to co-operativisation. On the basis of Indian experience they hold that co-operativisation tends to affect production adversely, and in China, the system of norms has

been introduced probably to counteract this tendency. The real cause for the improvement of Chinese agriculture is their capacity for hard labour, and this now pays high dividends because it is supported by credit, improved seeds, better implements, etc. and the advantages of peace and security.

14.4. The Japanese experience clearly shows that a combination of family farming and service co-operatives with liberal aid from a Welfare State would be the correct policy to follow for increasing production per acre in over-populated countries. The majority, in their eagerness to establish the case for agrarian co-operatives, have called it the panacea for all our agrarian problems, and ascribed every unpleasant feature of the Indian Rural Economy to the institution of family farming. It is possible for surplus labour of family farmers to be utilised for land improvement, and it is lack of funds that has prevented this development so far. Experience of Community Development Project Areas furnishes considerable evidence, that where finance and organisational initiative has been forthcoming villagers have heroically responded to every call for work for common benefit. It is only a system of family farming which can secure more intensive farming and greater yields per unit. The correct course for India is to have a ceiling which will be neither too high nor too low, and a co-operative village management in all things except production which is neither necessary nor desirable. Even so, co-operation in production is not ruled out if it can be brought about through understanding and free will of the people themselves, but it would be dangerous for Government to launch on a programme of general co-operativisation as that would ultimately mean use of coercion in one way or another. Therefore, they cannot approve of the recommendations made in the last chapter of the report.

14.5. We have summarised the minute of dissent in some detail, so that this forwarding endorsement may read as a complete document. We are really thankful to the two members of our team for having expressed their views so freely and frankly. This not only helps another point of view to be placed before the country, but also gives us an opportunity to indicate why it was not acceptable to us.

14.6. At the outset, we would like to refer to the concluding sentence of the minute, which not only indicates their viewpoint, but also throws light on their appreciation of the Chinese co-operatives. While asserting that in their view co-operation in production is neither necessary nor desirable, they state they would

whole-heartedly favour such a development where good leadership is available and physical and psychological conditions are favourable. But they consider that it would be dangerous for Government to launch a programme of general co-operativisation as it would ultimately mean the use of coercion in one way or the other. It is rather difficult to understand how, if in their view co-operation in production is not desirable, they can whole-heartedly welcome such a development. At best it would be a concession on their part to an undesirable activity in which people choose to engage. On the other hand if they whole-heartedly welcome the development of co-operative farming under good leadership and favourable physical and psychological conditions, what objection should there be for Government to create the atmosphere for good leadership and other favourable conditions in which the programme can function?

14.7. Either co-operative farming is good or bad. If it is good it is the duty of Government to sponsor it. If it is bad it should be excluded. Whether good or bad there is no question of thrusting it on the people. This we have made abundantly clear in our report. Whatever safeguards we considered necessary for preventing such a contingency we have indicated in the report. We did not mention that even existing laws in the States of Bombay, Uttar Pradesh etc. contemplate formation of a co-operative for the whole village if a certain number of people in a village voluntarily desire to have it. The legislatures of these States evidently considered co-operative farming so desirable that they had no hesitation in compelling one-third of the cultivators by law to join a co-operative society, if the remaining members so desired. This is absolutely quite irrespective of any exceptional or specially favourable conditions referred to by our colleagues. But we have not gone this far in our report. Far from recommending any compulsion of a minority, however small, we have recommended that every individual should be free to join a co-operative society and leave it when he wishes, at the end of a season.

14.8. Our colleagues apparently want that Government should adopt an indifferent attitude to co-operative farming. If it develops it may be welcomed. If it does not, it does not matter, because in itself it is not desirable. In our view such an attitude is not in conformity with the concept of a welfare State. We can understand the attitude of some people, who want the least Government interference in social and economic matters. According to them that Government is the best which interferes the least. Then every thing

can take its own course and develop as it can. But surely this is not the attitude of our Government nor can it be that of any Government which has the objective to create a welfare State. Take the case of the community projects which our colleagues have referred to. It was, it continues to be, a Government sponsored programme. It will be progressively decentralized, but in its inception it had to be sponsored by Government. It was so done, because it was considered good and necessary for the people. Merely because the programme was sponsored by Government, nobody has styled it as either having been thrust on the people or that it would lead to coercion. Not that it could not possibly have any elements of coercion in it. Public assistance can be either enlisted voluntarily or obtained by coercion. But, except for some unfriendly critics, nobody has seen coercion in it or felt that it would lead to coercion. In a sense every activity started by Government can be coercive; the same also can be educative and persuasive. Even today there are complaints that ammonium sulphate is coercively distributed by tagging it on to Taccavi. Many such examples can be given. We refer to them to indicate that there is nothing in a programme sponsored by the State, which by itself can lead to coercion or the absence of it. That depends on the spirit of the administration and the spirit of the people. So long as both are sound and wedded to democratic ideals and principles, we do not see any special elements in a programme of co-operative farming which will involve the use of coercion in any greater measure than other welfare programme.

14.9. We plead for a programme of agrarian co-operatives the same attitude on the part of Government as they would have for any other welfare programme—no more, no less. Ordinarily such a pleading should be unnecessary; it would be presumed. But this is necessary in view of the violent ideological reaction that co-operative farming generates on account of the fact that it involves a change from an age-old practice. That is precisely why we have indicated in our Report that there must be a positive view about its goodness or badness because it is the necessary precondition of the beginning of any programme. If it is considered good the next stage is to see how our people react to it. As we have stated in the report, 'In any democratic system, in the ultimate analysis, it is the people's reaction to the programme that will govern not only its actual progres, but also the intensity of conviction of the national leadership.' If the people of India do not react well to the programme, there can be no question but that it will have to be given up. But it can only be given up after a fair trial, and that is what we have pleaded for

better implements etc. But while these advantages were there, there were certain shortcomings, laid bare by actual experience which enabled them to appreciate the advantages of agrarian co-operatives. It was thus a process of development by appreciation and not condemnation. The transition to the higher grade followed almost as a logical corollary from this. When all are plot owners and all work together, and there is a simultaneous movement all over the country for socialisation of private enterprise, known in China as the 'surging tide', the transition to collectivisation was not difficult and could be easily understood.

14.13. It is not and never has been our intention to deny the existence of violence in the context of the Chinese land reform. We have referred to it in a special paragraph in analysing the causes of the Chinese success in the following terms. "To us who are used to an entirely different system of administration of justice, the procedures adopted in China are certainly obnoxious. The very object of promoting class conflict, we consider to be equally undesirable." We have also quoted extensively from Mr. Liu-Shao-Chi's report to the 8th Party Congress, in which he has justified the procedure as awakening the mass-consciousness of the peasants. If we have not quoted actual accounts of these accusation meetings, it is because we considered them somewhat inappropriate in an official report. But our colleagues are not fair to us when they interpret this failure of ours as being due to a desire of 'not going into the details and niceties of land reforms'. In their view apparently the details and niceties of Chinese land reforms appear to consist only of accusation meetings. The English rendering of the Agrarian Reform Law contains 85 pages and goes into various details and niceties of the distinctions of the class status in the country side, the methods of analysis and the supplementary decisions adopted by the Government on each class. Then there are decisions concerning some problems arising from agrarian reforms, such as labour and supplementary labour, well-to-do middle peasants, different degrees of exploitation of rich peasant, the reactionary rich peasants, etc. Then follow decisions on land, buildings, draught animals and farm implements which should be owned by rich peasants, questions about class status after marriage with workers, peasants, etc. and this only takes us to half the book. It is these details and niceties of land reforms which we had in view when we made that statement.

14.14. The real issue is what were the motivating factors which helped to induce such a large body of peasants to join the co-operatives, after the land reform had conferred on them full ownership?

Our colleagues would have us believe that all this was achieved through violence and fear. In our opinion such a view not only does injustice to the Chinese achievement but also leaves many questions unanswered. It is well known that such a programme was attempted in many countries of Eastern Europe but achieved very limited success. In spite of these countries following the same traditions of Marxism-Leninism not even 25 per cent. of the farmers there have been organised in co-operatives. There must therefore be some other reasons for the Chinese success than the view that they were able to practise much greater violence and instil a greater amount of fear in China than was possible in the countries of Eastern Europe. But the Russian example shows that, where peasants were forced through fear and violence into co-operatives production suffered and it took the Russians many years to retrieve the damage. If the same tactics were adopted in China, why have similar results not ensued there? Even according to our colleagues co-operativisation has had no adverse effect on agricultural production and livestock, however reluctant they may be to allow the co-operatives credit for increased production. They have admitted the fact of increased production though they have ascribed it to other causes. If force and violence were the major factors in herding the great majority of peasants into co-operatives, it could not but have had a tremendous effect on the agricultural situation in China. And production ought to have suffered considerably. Not all the good seed and other aids to agricultural production can be of any avail, if the mind is disturbed. And such a disturbance—as we know from the Russian example—invariably takes the form of deliberately obstructing production. But the converse has happened in China. Instead of seeing suppression and helplessness, we see enthusiasm and activity. The whole picture appears to exclude the theory of force and compulsion being applied to the farmers there. Our friends have not been able to see and appreciate this. But here is what the members of the other delegation on Agricultural Planning and Techniques who visited China about the same time, have to say on this subject. (page 192).

"There are writers on China who have spoken of the ruthlessness which might have marked the early phases of the new regime as a factor in the subsequent transformation from individual to co-operative cultivation. This may or may not be so, but we cannot comment on the suggestion from our own direct observations. But we should doubt if the effort and hard work which are being put in by

peasants could be attributed to any appreciable extent to force compulsion and the like".

Mr. Walker who has been generally critical of the developments in China has also observed in his book:—

"Throughout the process Mao and companion comrades have maintained the position stated in the 8th January 1954 decision to collectivise, that precipitate haste and adventurism must be avoided. 'We must use persuasion, set examples and render State assistance in order to make the peasants join together voluntarily'." (*China under Communism* by E. Walker.)

14.15. Our colleagues feel that this phenomenal development of co-operatives must have been the result of much greater force and pressure applied during the period of "surging tide". They have only one formula. If a thing has happened which according to them would not be ordinarily accepted by the people, they ascribe it to the use of force. We feel that when movements occur on a national scale, there are great ideological, impelling forces behind them and this is what appears to have occurred in China during this period. The whole economy, and not only the agrarian sector, underwent a change. Private trade and industry got converted into semi-socialised public-private concerns. When the peasants found that the whole economy was undergoing a change, they had no difficulty in accepting what was a universal national objective.

14.16. We have described in the Report the various processes of the formation of the co-operatives. The first co-operatives were formed by the members of the communist party in the villages, who were enrolled from among the poor peasants. In the early stages, not only were the land-lords and rich peasants not admitted, but were actually prohibited from becoming members. At this stage membership of a co-operative was a privilege, somewhat jealously guarded. Nobody who was not absolutely willing was allowed an entry. Of course, the formation of co-operatives remained the policy of the Government, but as Mao said 'precipitate haste and adventurism must be avoided. We must use pursuation, set examples and render State assistance in order to make the peasants join voluntarily." And this advice appears to have been generally observed. Of course deviations occurred here and there. Enthusiastic cadres employed coercion and hurriedly formed many co-operatives. They were told off and corrected. Perhaps State assistance was a powerful handle of attraction; and individual peasants who were not in the co-operatives, might have been discriminated. State assistance helped to

step up production of the co-operatives and attracted doubting peasants and many who were on the fence. This continued till the surging tide period, when there arose a mass movement for joining co-operatives. Thus pursuation, State assistance examples of successful co-operatives, failure to get assistance as individual cultivators, and, perhaps, even discriminatory grain recoveries, operated as the main instruments for bringing the large masses of peasants in the co-operatives. And it is possible that some middle peasants may have joined co-operative as they did not want to be in the group of landlords and rich peasants who were the last to be admitted. It will thus be seen that the great majority of the peasants joined the co-operatives voluntarily, *i.e.* without any compulsion or acting against their positive will. It is in this sense that the expression "voluntarily" has been used. In the context of the definition adopted by our colleagues nothing can be voluntary in China because there is no organised opposition there.

14.17. Our colleagues have objected to the fixation of targets for the formation of co-operatives as being contrary to the principle of voluntariness. The mere fixation of targets cannot affect the voluntariness of the movement, if it is intended to be really voluntary. In India, we have targets for many of our welfare activities, which involve active co-operation from the people. They are a measure of State effort and an estimation of people's response thereto. This is how we understand the observations in the second plan that "Targets for co-operative farming to be achieved during the second five year plan are proposed to be determined in the course of the first year of the plan after discussing with individual States and reviewing the developments and experience gained so far."

14.18. The system of 'norms' adopted in China has been criticised as being designed to reducing peasants to automatons and take away from agricultural work the spontaneity which is its unique characteristic. The methods of co-operative management adopted in China and the role of the system of 'norms' in co-operative management do not seem to have been fully appreciated. The members of a Chinese co-operative are not paid wages on daily work basis or piece work basis. What the members get in lieu of their work is a share in the produce of the co-operative. As we understand it, the primary object of adopting a system of 'norms' is to provide a method for the assessment of individual member's work so that the produce of the co-operative farm may be shared between the members in proportion to the quantity and quality of work put by each member. Such a system is necessary in any group

so that the work capacities of different members may be properly evaluated and incentives provided for efficient working.

14.19. Our colleagues do not share our view that a part of the increase in production in China is due to the co-operative form of cultivation. They go on to observe that even if it is assumed that a certain undefinable fraction of the increase in production was due to co-operative form of cultivation, which they doubt, any increase could certainly not be ascribed to the higher co-operatives and collectivisation. They attribute the increase in yields to the capacity of the average Chinese cultivator for hard work and the institutional arrangements which were made by the Government for the provision of credit and other aids. We would like to make it clear that in suggesting that a part of the increase in production was due to the "co-operative form of cultivation", what we had in view was the co-operation in cultivation whether of primary type or advanced type. Although the Chinese claim that the co-operatives of the advanced type can obtain higher production than the co-operatives of primary type and this could be justified on theoretical considerations (*i.e.* in a co-operative of the advanced type, the total production being distributable in proportion to the labour in-put and there being no return for ownership, there would be a greater incentive for the labour for better work resulting in increased production), a comparative study of the lands levels of production in the two forms of co-operatives was not made by us. In Chapter VI, (paragraphs 7-21) of our report, we have indicated how the co-operatives have helped to increase the area under irrigation, promote other types of land improvement, increase the supply of manure and facilitate the adoption of improved cultural practices. We have pointed out that most of these activities would not have been possible unless the lands were pooled in co-operatives. Besides, the co-operatives facilitated the quick acceptance of improved cultural practices. It is true that there were institutional arrangements for credit and other State aids; but we doubt very much if in the absence of agrarian co-operatives, it would have been possible through such aids alone to reach and assist millions of individual farmers. We are supported in our conclusion by the other delegation on agricultural planning and techniques which observes that "To a visitor from abroad, apart from the statistics which may be provided, the visible test of the effectiveness of the co-operatives in China are the crops in the fields and the manner in which the labour force of the village is engaged in work. There is little doubt that on this test as well as on the information furnished, the Chinese co-operatives are at

present working successfully and organisationally, conditions have been created for rapid progress in agriculture in the coming years" (paragraphs 11·12 page 190 of the report). They further add "but there can be no doubt that the organisation of millions of Chinese peasants into co-operative farms has enabled China to lift her agriculture from the ruts into which it had fallen and that co-operatives bear promise for the future....". (11·14 page 191). It is clear that the Chinese co-operatives are doing well. It is also clear that they promise well for the future.

14.20. Our colleagues say that we have paid scant attention to the experience of Japan which, according to them, is of much greater significance to India than the experience of China. We cannot agree to this view-point. We fully appreciate that Japanese agriculture is very highly developed and so are the Japanese industries. As we have stated in the report, in countries like Japan the economic development (including agricultural development) took place during a period of colonial expansion and comparatively monopolistic access to raw materials and markets. At that time, social conscience had also not advanced so that through internal and external exploitation, large stocks of capital were created which formed the basis of their agricultural and industrial prosperity. In India we have to depend mainly upon our internal resources. "Welfare State" concept is today well advanced. Any large scale capital formation based on exploitation has, therefore, to be ruled out. Our internal resources are limited. Incomes are low. Most of the people live just on the margin of subsistence. Their standard of living has to be raised and at the same time savings effected for investment and development. In order that adequate resources may be made available for industrial development, it will be necessary to ensure that agricultural development is increasingly financed out of the savings in the agricultural sector itself. The agrarian co-operatives indicate the way for mobilising the national resources in which manpower plays a dominant part. This cannot appropriately and adequately be secured through family farming. The situation in India thus resembles more that of China than Japan.

14.21. Referring to the objectives of the agrarian policy in India our colleagues have observed that "our goal is not collectivisation, but our goal is to bring about social justice without sacrificing our immediate need of increasing agricultural production." They have recommended family farming assisted by service co-operatives. They consider co-operation in production neither necessary nor

desirable. We do not say that service co-operatives have no place in our development programmes. We have made it clear that they have a great role to play in the immediate future. All that we would maintain is that family farming and service co-operatives have their limitations and that the agrarian co-operatives are much better suited for rapid economic development. In chapter X of our report we have outlined in detail why we consider co-operative farming as desirable for economic as well as social considerations. This view has been accepted in the First Plan and the Second Plan in unequivocal terms. The recommendations which we have made in our report will help in the attainment of the objectives outlined in the two Plans.

14.22. Our colleagues consider that it would be dangerous for Government to launch a programme of general co-operativisation as it would ultimately mean use of coercion in one way or the other. They have also observed that there is a danger of giving a wrong impression to the country, if the communist ideology is dissociated from the agrarian policy followed by the communist Government of China. Perhaps they imply that agrarian co-operatives cannot be formed without recourse to violence and class struggle. We should like to state that we do not share this view. To our minds, it is possible to persuade peasants to form agrarian co-operatives under a system of parliamentary democracy without the infringement of any democratic values. Indeed this also appears to be the view of many forward thinkers and the planners in India. The objective in the Second Five Year Plan has been stated in this regard as follows:—

"The main task during the Second Five Year Plan is to take such essential steps as will provide sound foundations for the development of co-operative farming so that over a period of 10 years or so a substantial proportion of agricultural lands are cultivated on co-operative lines." The Estimates Committee of Parliament has also observed as follows:—

"The Committee feel that in this country where there are very large number of farmers with uneconomic holdings in almost all the States the importance of establishing co-operative farming societies is very great. This importance, however, does not seem to have been fully realised, as the progress made in this direction has been extremely slow. The Committee understand that China has achieved considerable success in the field of co-operative farming where 85 per cent. of the land is said to have been brought under co-operative farming. The circumstances there are, no doubt, different

from those obtaining in this country. All the same, the Committee do feel that this is one field where we might try to benefit from the experience gained in China, and introduce co-operative farming on an extensive scale, particularly in areas where the number of uneconomic holdings is large. If the advantages accruing from the system are properly brought home to the peasants, the Committee have no doubt that necessary co-operation will be forthcoming. The Committee hope that the delegation of Agricultural Experts and those who were deputed to study co-operation in their recent visit to China will be able to offer useful and practical suggestions in this field as well as in the field of increasing agricultural production."

14.23. In this connection we have referred in the Report to the views of the Father of the Nation. We have reproduced the whole article in which those views are recorded. He is very clear in his views on the subject not only as regards farming but also cattle breeding. He has not only extolled the virtues of collective farming and cattle breeding, but has condemned individual farming as wrong and leading to violence. While clearly pointing out the difficulties involved in the transition, he has made a powerful plea for effecting the transition. We refer to the views of the Father of the Nation, not to advocate that they be followed as a gospel truth, but to indicate the direction of advanced thought in India.

14.24. The view of our colleagues that co-operativization can only be brought about in the wake of coercion and violence practised on the cultivators, is born primarily out of the association of coercion and violence with collectivisation in Russia and their conjectures about what must have happened in China. We have already indicated the various causes for the success of the co-operative movement in China. But we have much more soild grounds for holding the belief that the course of such a movement in India cannot but be non-violent. The idea of socialism has advanced in time and space and it would be wrong to conclude that the same measures which a country was forced to adopt in the 1930's would be necessary elsewhere in the sixties. Certainly the Indian tradition has inherent in it the hard core of voluntary acceptance of every reasonable and progressive idea. We have witnessed in this country the liquidation of the institutions of zamindari and kingship over vast areas of the land by non-violent and peaceful means. Laterly, we have witnessed the voluntary surrender of ownership rights in land over 45 lakh acres and 2000 whole villages. A few years back such things would have been considered impossible. The march of time

and thought have proved them a reality today. It is in this context that we feel that the fear of our colleagues that a programme of general co-operativisation in India can only be in the context of violence and coercion is entirely misplaced and in our view such evil forebodings are contrary to our national tradition.

14.25. Our colleagues do not agree that co-operatives can raise production or provide increased employment opportunities. We have dealt with these aspects at length in Chapter X and have given detailed reasons why in co-operative farms it becomes possible to increase production and make much fuller use of the available labour force for the land improvement schemes, intensification of agriculture, improvement of housing conditions, development of communications as well as non-agricultural production. They have stated that they found great under-employment in the co-operatives in China and the members were not employed for more than 200 days in a year. This should be really 200 work days which mean in terms of actual days much more than 200 days. But the point that we would like to make is that in practically every co-operative visited by us the number of work days was progressively increasing every year. There can be little doubt that co-operatives have provided greater work opportunities than before and we were informed that the future policy of the Agriculture Ministry is to organise production in the co-operatives in such a manner that at least 90 per cent of the members experience a progressive increase in earning every year.

14.26. Our colleagues have disagreed with our proposal on land reforms. They feel that our proposals that the surplus land should be settled with co-operatives of landless workers, will result in coercing the landless agriculturists into joint farming and further go on to observe that if "the landless are not left the choice of getting land except by joining and remaining in the co-operatives, we wonder what more practical and useful method for coercion could be devised." We would submit that our proposals have not been properly appreciated. The merit of our proposal is that it affords for the labour the maximum incentive for work on the land and for the classes affected a reasonable chance of adjustment to the changed conditions. We have, however, made it clear in the Report that in the event of a co-operative not being formed, or after having been formed, if it is dissolved, land may be distributed equitably between the landless and the small owners and they should be left free to form themselves into a co-operative at a later stage.

14.27. Our colleagues do not favour the proposal that a family should retain no more land than what it could cultivate by the labour of its members. They agree to a ceiling in principle, but do not indicate what it should be except that it must not be so high as to make it an ineffective means for redistributing lands; but on the other hand it should not be so low that a man who takes to agriculture would be perpetually condemned to poverty. But we would like to point out that such a ceiling cannot be substantially different from what we have indicated. The experience of the Hyderabad State which attempted to impose a ceiling at 4½ times a family holding is worth a study in this connection. Land in India is so concentrated and the number of landless is so large that social justice will not permit a ceiling substantially higher than what we have recommended. Land reforms cannot be undertaken too frequently. A ceiling once imposed cannot be interfered with at least for a generation. Therefore, we have to adopt means which secure us the amount of land which we have in mind for distribution. Also we must remember that in the distribution of land it will be difficult to make invidious distinctions. If we intend to distribute land at all, we will have to satisfy the claims of all who genuinely want to labour on the land for a living. Our proposals have been drawn up after taking into account all these considerations.

14.28. India cannot afford to progress by any hit and miss method in any sphere, and more particularly in the rural sector, where the concentrated tradition of centuries remains entrenched in rural life and society. The whole problem must be clearly thought out and the various steps leading to the final goal carefully considered. Any steps that we take must necessarily be such as can carry conviction to our people and in our view must have their counterpart in all spheres of social and economic life. The tendency to think in compartments and select a particular sector for drastic treatment is, neither just nor justifiable. Hence the great necessity for creating a proper atmosphere in the country to which we have referred to in the main report. We are confident that in such an atmosphere, our people will gladly respond to all calls made on them in the interest of social justice and a progressively rising standard of life.

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